FINANCIAL TIMES

No. 27,120 Tuesday November 9 1976 **10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.22; DENMARK Kr.3; FRANCE Fr.2.50; GERMANY DM1.70; ITALY L.400; NETHERLANDS Fl.1.75; NORWAY Kr.3; PORTUGAL Esc.17.50; SPAIN Ptas.35; SWEDEN Kr.2.75; SWITZERLAND Fr.1.70.

NEWS SUMMARY

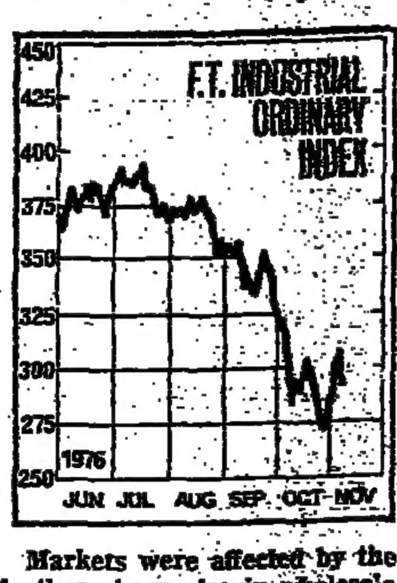
...quities off 17; ...lts down

...ock market fell heavily ...y because of renewed ...nty about the U.K. ...c outlook. The Financial ...rdinary Share Index lost ...close at 291.0.

...Gilt-edged market suf...ith prices at the close ...y up to 1½ at the long ...The FT Government ...es Index lost 0.67 at ...n late trading falls ex...to more than 2 points in ...ses.

...ound stood up relatively ...the pressures, ending ...fall of 1.20 cent at ... The effective deprecia...lened from 45.9 per cent. ...per cent.

...ures developed after Mr. ...ealey, Chancellor, stated ...week-end that the U.K. ...ector borrowing require...xt year was likely to be ...than the £9bn. estimated ... He was commenting on ...t in Saturday's Financial ...that on unchanged poli... Treasury now estimated ...blic sector borrowing ...ment for 1977-78 at



Markets were affected by the further sharp rise in wholesale prices published yesterday.

Yields on long-term stocks were again above the 16 per cent. level. This compares with the 15.66 per cent. on the new long-dated "tap" stock of which £600m. is to be offered on Thursday together with £600m. of a new medium stock.

● GOLD rose $4¼ to [illegible].

● WALL STREET down 9.39 at 933.68 at the close.

...RAL

...ghting ...ported Angola

...fighting involving air...nks and heavy artillery ...ted in southern Angola ...ay with thousands of ...efugees streaming across ...der into Namiba (South ...frica).

...ding to refugees, troops ...ruling MPLA aided by ...and Swapo guerillas had ...Unita strongholds and ...ead fighting was taking

...reported offensive comes ...ola prepares to celebrate ...anniversary of indepen... from Portugal on Thurs... ...ita has recently stepped ...guerilla campaign in ...n Angola. Page 7

...ater say for ...our Left

...Labour Party committee ...ted to recommend a much ...say for constituency Left...arty activists in the elec...future party leaders. Mr. ...y Wedgwood Benn, ...Secretary, would be the ...beneficiary of such a ...Back Page

...man loses ...,000 award

...ast Appeal Court judge ...ay stopped a £20,000 ...award to Mr. Tom Cahill, ...of Mr. Joe Cahill, a ...IRA chief. The award ...de to Mr. Cahill last April ...pensation for being par...rippled in a 1971 shooting. ...ast a prison officer was ...wounded while shopping.

...ke puzzle

...s of earthquakes in China, ...the Philippines, Iran and ...over the past two days ...the signal of a new move...f the earth's crust, Dr. ...Baath, head of Sweden's ...Seismological Institute. ...In Java, Mount Merapi ...o throw out lava and hot

...lly . . .

...search for last month ...hat it shared the honours ...e BBC in the ratings war.

...to unify its Training and ...Commands as RAF ...Command next year.

...arising from a National ...clash with members of ...s east end Asian com...led to 21 people being ...yesterday.

BUSINESS

Report hits at State industries

● NATIONAL Economic Development Office has completed a long and highly critical study of the nationalised industries and wants supervisory boards for each. Back Page

● MANAGEMENT and unions in the telecommunications industry reacted angrily to news that the Post Office plans to cut orders for telephone exchanges by more than a quarter—£220m.—over the next three and a half years. It is feared 10,000 jobs could be lost. Back Page

● FLEET STREET looks set to win the major part of the £3.75m. EEC grant it is seeking to help finance computer-based technology. Back Page

● VAUXHALL car prices are to to go up 5.6 per cent. Car sales figures Page 12

● LEVEL of sales in shops showed little change in September. Page 12

● U.S. Treasury Bill rates: threes 4.892 (4.862) per cent.; sixes 5.844 (5.030).

● CHATEAU MARGAUX is expected to be bought by Crédit Agricole, the semi-public bank whose main activity is to grant loans to farmers. Page 4

● MORE than half Britain's households have a telephone and nearly half have central heating, Government Survey of Family Expenditure for 1975 showed. Page 12

● FURTHER substantial increases in air fares will become inevitable if the price of fuel goes up next month, Mr. Knut Hammarskjold, director-general of the International Air Transport Association, said. Page 8

● ARAB states say they will fight U.S. legislation aimed at countering the boycott of Israel. Back Page

● INVESTMENT of £13m. in a new generation of British Leyland double-decker bus is being called into question over the depressed state of public spending and a Government proposal to phase out the bus grants scheme. Page 12

COMPANIES

● ASSOCIATED British Foods pre-tax profit in the six months to October 2 up by 22 per cent. from £25.6m. to £31.2m. Page 29; Lex

● LUCAS INDUSTRIES pre-tax profit for the year to July 31 up from £32,340,000 to a record £55,843,000. Page 28; Lex

● CAPPER NEILL pre-tax profits for the half-year to September 30 up from £875,000 to £1,514,000. Page 29

...F PRICE CHANGES YESTERDAY

(...in pence unless otherwise indicated)

RISES		
...Wagon	15¼	+ 2½
...James)	24	+ 18
...Thorneycroft	76	+ 8
...ntein	290	+ 30
FALLS		
...y 9¼% 1981	£84	− 1½
...er 13¼% 1996	£88½	− 1½
...News	99	− 7
...P. Cement	128	− 10
...	80	− 6
...s	215	− 13
...n	305	− 12
...efd.	200	− 13
...lds	74	− 6
...s	99	− 5½
...	190	− 10
...Withy	152	− 8
...	335	− 15
...Portland Ests.	166	− 8
GUS "A"	125	− 11
GKN	229	− 12
Haslemere Estates	127	− 7
Hawker Siddeley	380	− 16
ICI	283	− 10
Ladbroke	76½	− 5
Land Secs.	107	− 10
Lucas Inds.	167	− 6
Lyons (J.)	84	− 8
Marks & Spencer	77	− 7
Martonair	69	− 6
Morgan-Grampian	96	− 8
Plessey	53	− 5
Reckitt and Colman	295	− 15
Reed Intl.	168	− 12
Royal Ins.	234	− 14
Tate and Lyle	216	− 12
Thomson Org.	322	− 10
Unilever	378	− 16
BP	652	− 34
Shell Transport	379	− 23
Thiess	205	− 15

Government wins shipbuilding vote by majority of one

BY RICHARD EVANS, LOBBY EDITOR

The Bill nationalising the major sections of the aircraft and shipbuilding industries was guillotined in the Commons last night by a one-vote Government majority against the combined opposition of the Conservatives and all minor parties.

The Government's battle to push the legislation on to the Statute Book this session is far from over, though. There were growing indications last night that the Tory peers are preparing to stand firm when the Bill returns to the Upper House.

The Bill, together with the four other contentious measures guillotined yesterday, will now be debated by the Commons this week and next, when the Government will seek to delete all the major amendments inserted by the Lords.

The expected showdown between Government and Lords, particularly on the shipbuilding Bill and the Dock Work Regulation Bill, will follow when the Lords reconsider the Bills, which will be sent back from the Commons later next week largely in their original form.

Tory peers will then be faced with the choice of accepting the will of the Commons or defying the Government and restoring their key amendments. If they choose defiance any Bill would be lost this session because of lack of Parliamentary time.

Yesterday's vote on the *guillotine time-tabling the shipbuilding Bill* produced the maximum Opposition vote, following the two Conservative by-election triumps last week.

The Government's one-vote majority (311—310) was achieved only with the support of the two MPs from the breakaway Scottish Labour Party, Mr. Jim Sillars and Mr. John Robertson, and the two Independent Northern Ireland MPs, Mr. Gerry Fitt and Mr. Frank Maguire.

The Conservative Whips followed three pairs, including two sick on each side. In addition, Mr. Denis Healey, Chancellor of the Exchequer, who was attending the EEC Finance Ministers' meeting in Brussels, was paired with Sir Peter Rawlinson, who was absent on legal duties.

The lesson to be learned from the division is that the Government can survive for an indefinite period on the present voting figures, provided that Mr. Callaghan can retain the support of his own Left-wing and the backing in key divisions of the four Independent MPs.

Nevertheless, there remains *the prospect of further by-election defeats*—possibly starting in Mr. Roy Jenkins's Stechford constituency in the New Year—*which would push the Government* into a minority position.

Earlier, the Government, with the help of Welsh Nationalist abstentions, secured a three-vote majority (310-307) for a similar six-hour timetable on the Dock Work Regulation Bill and the legislation phasing pay-beds out of the National Health Service.

Labour Whips had an easier time with the guillotine on the Education Bill and the measure abolishing agricultural tied cottages, gaining a 16-vote majority (312-296) thanks to abstentions by the 11 Scottish Nationalists and the support of two Plaid Cymru MPs.

The final vote, on the shipbuilding Bill, was a real cliff-hanger, because of the absence from the first division of Mr. Paul Rose, Labour MP for Blackley, apparently for tactical reasons, and the absence of Mr. Arthur Lewis (Newham N.W.) from the second division, because of a bizarre protest over the length of time Health Ministers took to reply to letters.

Before the debates started, Government Whips were nervous about whether Mr. Maguire, a rare visitor to Westminster, would turn up, but he arrived in good time.

Mrs. Helene Hayman, Labour MP for Welwyn and Hatfield arrived with her 14-day-old baby and voted in all three divisions.

Parliament, Page 16

EEC ready to help with extra aid, says Healey

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS, Nov. 8.

MR. DENIS HEALEY, Chancellor of the Exchequer, said to-day that all Britain's Common Market partners had expressed their willingness to help, either individually or collectively, in providing the U.K. with financial aid beyond the $3.9bn. which it is seeking from the International Monetary Fund.

The other EEC Finance Ministers had made it clear, however, during private talks over lunch here this afternoon, that they *wanted to be* certain that the U.K.'s negotiations with the IMF were on their way to a successful conclusion before any formal moves were made towards providing additional assistance.

Speaking after the Finance Ministers' meeting, Mr. Healey confirmed that the U.K. had already taken discreet soundings on the possibility of assembling a further aid package. Informal *discussions had been held with* the "appropriate authorities," he said.

Mr. Healey did not spell out exactly what form he believed such further aid might take, but he made it clear that he had in mind measures to relieve sterling of its residual role as a reserve currency through a consolidation of the sterling balances.

Because of the magnitude of the sterling balances problem, any action was certain to involve countries outside the EEC. For this reason, the Community was not a suitable forum for initial discussions on the phasing out of the balances.

The Chancellor refused to elaborate on recent suggestions that Britain would like such measures to be ready at the same time as its planned IMF loan, but did say that many of the countries which might be expected to participate in a further aid operation would also be contributing to the IMF loan through the General Arrangement to Borrow.

Also under discussion to-day was the plan by Mr. Willem Duisenberg, the Dutch Finance Minister, for limiting the fluctuations of EEC currencies not within the "snake" to target zones. Mr. Healey said this was a very practical approach—which is further than Britain has gone before—but the Commission should not seek to set exact limits to the proposed zones.

He was also cool to the idea that member States should be required to stick by the Commission's medium-term monetary growth targets.

The West German delegation expressed more fundamental objections to the principle of the plan and its future must now be in doubt.

The EEC monetary committee, which has already produced a preliminary report on the target zones plan, has been instructed to discuss the matter further and to give an opinion by the end of the year on when the scheme *might be put into effect.*

● The Finance Ministers agreed that the Commission should look into the possibility *of issuing a new, medium-term* EEC borrowing to replace the $486m. loan to Italy, which the U.K. wants repaid by December 9. *This was part of* a $1.8bn. loan made by the Community to Italy in 1974.

Nicholas Colchester reports from Basle: *The Central Bankers from* the main Western financial capitals met here in an atmosphere of growing uncertainty *about the staying power* of the world economic revival.

One banker confirmed that the problems of Britain and of Italy were *topics of discussion.*

The Central Bankers drew their customary veil of silence over the outcome of to-day's discussions. One did say, however, that it was "premature" to speculate about aid to sterling beyond the IMF credit of $3.9bn. that Britain is *negotiating.*

Another stressed that the IMF loan was the first step that had to be taken in finding a solution to the *sterling problem.*

JFB in £3.7m. bid for Dunford

BY OUR CITY STAFF

A DRAMATIC bid battle for control of one of Britain's leading private-sector steel companies, Dunford and Elliott, loomed last night after Johnson Firth Brown, another prominent Sheffield steel concern, announced an unexpected takeover offer worth £3.7m. for the company.

Dunford, which has for some time been seeking additional capital, made it clear that the offer was "highly unwelcome." since it was already considering two other forms of link, one with the National Enterprise Board.

JFB, which announced that it planned a cash-raising rights issue of £10.3m. — dependent on its bid for Dunford being accepted — is offering four of its own shares for every five in Dunford. At last night's share prices, this would be worth 35.2p for each Dunford share, more than double Dunford's closing price of 16p, down 2p on the day.

It emerged just after the bid announcement that Dunford was already discussing two alternative sources of financial support—one with private investing institutions led by Prudential Assurance, the City's newly *formed* equity bank, Equity Capital for Industry, and the bank-backed Finance for Industry. This envisages the injection of £6m., of which £3m. would be against a rights issue of new Dunford shares at substantially above the present market price, and underwritten by the institutions, and the other £3m. in the form of loans from the group's bankers.

Dunford has also been having talks with the National Enterprise Board, which already has a 2.5 per cent. stake in the company. The NEB would underwrite a £3m. rights issue, this would increase its interest by between 20 and 30 per cent., depending on the response of the institutions, which hold 45 per cent. of Dunford's capital.

Bank loans of £3m. would be forthcoming if this solution were adopted.

JFB has been making bid overtures for months to Dunford whose profits have been hit by the steel recession while it has still to carry burdensome interest charges following its *£5.5m.* take-over of Brown Bayley Steels in 1973.

News Analysis, Page 10
Lex, Back Page

For latest Share Index 'phone 01-246 8026

Rhodesia chairman back in London

By Bridget Bloom, Africa Correspondent

GENEVA, Nov. 8.

MR. IVOR RICHARD, the Rhodesia conference chairman, *returned to London to-night* for consultations with the Government. In an urgent bid to end the week-long conference *deadlock.*

Officials say Mr. Richard's visit is neither unusual nor unexpected but observers believe *that its purpose is to keep the* conference alive.

It is expected that Mr. Richard who spent the day in *consultation with his own staff* here, will see Mr. Callaghan as well as Mr. Anthony Crosland, Foreign Secretary, before *returning to Geneva to-morrow* afternoon.

Mr. Richard is believed to be seeking authority from the *Government for an initiative* which, it is hoped will allow the conference to continue. The conference is still stuck on *a date for Rhodesia's independence* under majority rule.

For a week now, the four African delegations have been *insisting that this date should* be no more than 12 months from the end of the conference, while the Rhodesians have insisted on 23 months.

After a week-end of intensive consultation with all delegations, Mr. Richard is understood to feel that the gap is too wide to be bridged at this point. But he believes the issue should not be allowed to impede the negotiations on the formation of an interim government.

He will meet Ministers armed with a number of proposals for getting over the present deadlock, though British officials insist it is only a "difficult hump."

Among Mr. Richard's proposals is that Britain should unilaterally declare a date—perhaps March, 1978, or 15 months from the end of the conference. The conference should then move on and a final decision would be taken only when other issues have been discussed.

Reaction to such a proposal is likely to be mixed. It may be accepted by the white delegation which has continued to *maintain that the actual date* is irrelevant at this stage, and that such a decision would not tie them down in advance of *the end of negotiations.*

There may well be opposition on the African side. Although a more positive *stand by Britain—which* is what the Africans want—would be broadly welcomed, the African delegations insist *that the white Rhodesians* must make a commitment to a specific date as an earnest of their intention to negotiate.

Industry raw material costs up 4¼%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE COST of industry's raw materials rose by 4¼ per cent. last month following a 3¼ per cent. increase in September, directly as a result of the fall in sterling.

This underlines the recent warnings about future inflation from the Price Commission and the gloomy projections for next year indicated by the official forecasts. These are now being discussed in detail by the Treasury with the International Monetary Fund negotiating team.

The steep rise in raw materials costs—14½ per cent. in the last six months—has offset the impact of pay restraint and severely limited the scope for any slowdown in the rate of increase of either the prices charged by manufacturers at the factory gate or the cost of living for consumers.

The index for manufactured *prices at the factory gate rose* by 1½ per cent. in October—in the same range as throughout recent months—with the year-on-year rate of increase edging up (to 16½ per cent.) for the third month running.

This rate of increase should now have been coming down if the Government's original inflation targets were to have been met, but over the week-end Mr. Denis Healey, Chancellor of the Exchequer, admitted that there was now no chance of cutting the rate of retail price inflation to around 7 per cent. by the end of next year.

Remain

The annual rate of increase in the cost of living seems likely to *remain* within the range of 13 to 14½ per cent. until well into next year. It has been officially estimated, for example, that the *fall in sterling* in the last three months will add just over 3½ per cent. alone to retail prices within the next 12 months.

The *fall in the average* value of sterling last month was 5 per cent., which via higher import prices almost entirely accounted for the increase in the index of materials and fuel bought by industry.

The main effect of the further *depreciation in the pound* in the last week of October will be reflected in the index for this month, and after the fluctuations of the past few days the average parity so far in November is lower than in October. The rise in this index would have been larger but for the overall stability of most commodity prices in dollar terms.

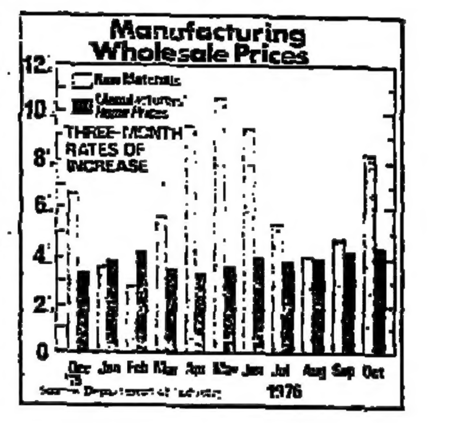
The index for materials bought *by manufacturing industry*, excluding food, drink and tobacco, rose by 4¼ per cent. last month, while the food manufacturing materials index increased by 4 per cent. in October and has risen by 11½ per cent. in the last three months. Any devaluation of the EEC "green pound" will push up this index.

On the output side, the 1½ per cent. rise in the October index for manufactured products outside the food sector partly reflected the normal quarterly pattern associated with the operations of the Price Commission.

However, following the changes in the Code this summer, the bunching has become much less pronounced and some price rises—for example, for cars—now occur rather more in the second month of the quarter, not the first.

The index for products of the food manufacturing industry rose by 3 per cent. last month following a 3½ per cent. increase in September (and an 8½ per cent. rise in the last three months). This reflects higher prices particularly for coffee and tea, animal and poultry foods.

Editorial comment, Page 18
Retail sales, Page 12



WHOLESALE PRICES (1970=100)

		Output prices (home sales)	Materials and fuels
1975	1st	176.0	220.9
	2nd	186.3	225.6
	3rd	193.4	239.3
	4th	199.1	256.1
1976	1st	206.9	266.5
	2nd	214.4	292.6
	3rd	223.2*	306.7*
1976	April	211.5	286.3
	May	214.8	292.0
	June	217.0	299.6
	July	219.8	302.0
	Aug.	223.4	304.0
	Sept.	226.3	314.1*
	Oct.	229.5*	327.1*

* = provisional
Source: Department of Industry

£ in New York

—	Nov. 8	Previous
Spot	$1.6150-6160	$1.6210-6220
1 month	1.51-1.45 dis	1.45-1.40 dis
3 months	4.42-4.37 dis	4.27-4.22 dis
12 months	14.30-14.20 dis	14.30-14.15 dis

LOMBARD

Mr. Jim Kettle *vs.* Sir James Pott

BY ANTHONY HARRIS

WHEN THE Prime Minister boasts on television of the fact that some of the policies he is now adopting are against the taste of certain officials in the Treasury and the Bank of England, while the Chancellor promises to look into "serious" charges by Mr. John Pardoe that some Treasury officials are engaged in political sabotage, things have reached a decidedly ugly pass. I am very far indeed from believing that everything that any official has ever done or advised is the perfection of wisdom, or that it is impossible for Ministers to be right when some officials are wrong—indeed, I think that Mr. Callaghan is very belatedly right to insist on trying to fund the sterling balances. But disagreement is a very different thing from distrust, and learning from mistakes is not the same thing as thinking up all-purpose alibis. Ministers will do nothing at all for confidence or even for their own reputations by insulting their official advisers: nor are better policies made like this.

Incompatible

There are really two quite different accusations made against officials, and both of them have a certain plausibility at first sight, although they are largely incompatible. Officials are accused both of bumbling incompetence and of Macchiavellian subtlety. The accusations of incompetence are grounded in a whole series of nasty accidents in the gilts market and in the foreign exchange markets. Alternatively, they are accused of engineering these nasty accidents in order to force Ministers to abandon policies of which the officials disapprove and to submit themselves to the discipline of the markets and of the International Monetary Fund.

In a word, then, Ministerial distrust of officials is based on the belief that officials do not trust Ministers.

Quite right too, you may think; and I believe that it is true that there are times when some officials do resist policies which they see as simply postponing necessary but unpleasant decisions.

However, this is not at all the same as believing that there is a plot. An official can argue, in private, as hard as he likes; if he argues that a given policy will only buy time, and at an unacceptable cost, he is not sabotaging policy, but doing one of the things he is paid to do. So the Macchiavellian accusation suggests that some officials have not been as blunt as they might have been in explaining their advice. The accusation is essentially one of deviousness.

How true are any of these accusations?

It is certainly true that some senior officials in both the Treasury and the Bank disapprove of a good deal of what the Government wishes to do; but there are equally some senior officials who broadly support the Government, and with some enthusiasm. This is always so, under any Government.

What is perhaps more unusual in the present administration is that Ministers themselves disapprove of a good many of the policies to which they are committed. It is actually much harder to give blunt advice to a Minister who is known to be engaged in what he may regard as necessary hypocrisy than to educate one who is thought to be simply misguided. If you doubt this, just try drafting a memo to a Minister persuading him that the political ransom he is planning to pay is excessive. It is very hard to do without being offensive. Hypocrisy breeds hypocrisy.

Short-sighted

I suspect that a good deal of the trouble started here; but a second major cause of the present distrust is that in the first two years of the Labour administration, officials were only too willing to help Ministers to carry out unwise policies. The piling up of the sterling balances in 1974, the imitations of the Grand Old Duke of York in the gilts market at a time of raging inflation were just the kind of short-sighted devices which officials ought properly to have resisted, and didn't.

It is not easy now to admit how disastrous these mistakes were (not even for officials who can say "I did warn you, you know"). It is very hard to write a memo which says in effect "We diddled our creditors in an attempt to put off the inevitable, and now we are paying the price." Yet this is the kind of thing that needs to be said and admitted if some understanding and trust is to be restored between Ministers and senior economic officials.

If it isn't soon done, and in private, our troubles are even worse than they look.

RACING — BY DOMINIC WIGAN

Repeat success for Oranmore

TRAINER-JOCKEY Ron Atkins—who, dismounting from *Oranmore* after winning Saturday's Sandford Dene Hurdle at Windsor, remarked that "every trainer needs a good horse when he starts and I've got one in Oranmore"—brings out his progressive six-year-old in to-day's Appledore Handicap Hurdle at Folkestone.

It will be a surprise if this ex-Irish gelding, formerly trained by Dermot Weld, cannot follow up, despite the presence of some useful performers among his opponents.

Backed down from an opening show of 7-4 to 11-10 for Saturday's race, Oranmore always looked like justifying the market move. Travelling smoothly in the hands of the experienced Atkins, he took up the running at the penultimate flight on his way to a six-length success over second favourite Equivocal, whom he met on level terms.

Oranmore, who gave Atkins his first training success when running away with the valuable Doug Barrott Hurdle at Sandown 12 days ago (he had 10 lengths to spare over runner-up Captain Ezra), may well find the lightly-raced Bob Jones his toughest rival.

After the Doug Barrott Hurdle, Chris Read's mount did well to run the highly rated Shackle Sun to three lengths in a division of the Waterloo Novices' Hurdle after a bad mistake at the last. That outing, his first for two seasons, will have brought Bob Jones on considerably, and he should make his presence felt.

A second possible winner for Atkins is the outside ride. Sweet Romance, whom he partners in the Biddenden Selling Hurdle. This eight-year-old bay horse has run respectably on both his appearances over the minor obstacles, finishing runner-up to Harry's Fizzale at Market Rasen before putting up much the same performance when fifth in stronger company at Plumpton a fortnight ago.

Although he seems likely to make the frame, I suspect that both *Old Smokey* and Census will prove just too good for Sweet Romance.

The first-named is only five pounds worse off for the 15 lengths by which he beat Sweet Romance at Plumpton, while Census was not disgraced when going down to Erra and Rally Driver in a similar event at Taunton. In a tricky event the rejuvenated Old Smokey is given the vote.

John Francome, who rides Old Smokey, can further boost his jockey's championship bid through *Old Man Dimplex* in the Herstmonceux Novices Chase. This extremely smart hurdler put on a promising display of fencing when running well for a long way behind Never Rock in a division of the Nailsworth Novices Chase at Wincanton towards the end of last month.

FOLKESTONE

1.15—Father Figure
1.45—Old Smokey**
2.15—Be Sharp
2.45—Old Main Dimplex***
3.15—Oranmore*
3.45—Kybo

HEXHAM

1.00—Embargo
2.00—Gift Acre
2.30—Brasidas

SALEROOM — BY ANTONY THORNCROFT

Stravinsky 'ballet' disappoints

A FASCINATING sale of musical manuscripts and the like at Sotheby's yesterday was somewhat marred by the failure to dispose of the star attraction. This was Stravinsky's autographed manuscript of his ballet *Agon*, bought in at £24,000, about half its expected price.

This apart, the auction totalled £56,179 with some good results.

One of the earliest books about music, Pietro Aron's *Thoscanello da la Musica*, published in Venice in 1523 with a full-page woodcut of Aron and pupils, was bought by the London dealer Haas for £3,000 (plus 10 per cent. buyer's premium), well above the £1,500-£2,000 estimate.

Haas also paid £2,600 for a collection of Venetian first editions of music of about the same period. This lot had been modestly forecast to go for £600-£750.

Macnutt gave £1,800, double the forecast, for an autograph manuscript of Arne's opera *Eliza*, while Marlborough Rare Books paid above expectations, with its £1,600 for Feuillet's *Recueil de Dances*, published in 1704.

A more modest, but perhaps more interesting, price was the £500 for a fan signed by Sullivan, Paderewski, Parry, Hallé, Millais, Tissot, and other figures of the late Victorian art world.

An album signed by habituées of the famous Soho restaurant *Le Moulin d'Or*, with a woman's head drawn by Cocteau, and autographs of Dietrich, Montgomery, Karloff, Wolfit, Welles, Guinness, Chevalier, Redgrave, and Fonteyn, went for £130.

Christie's completed the sixth and final part of the Ko collection of snuff bottles. Ko was the Chinese name for an English Customs officer who, during his stay in China between 1920 and 1943, bought over 1,000 snuff bottles.

Collectors' items

These have now become collector's items, yesterday's auction adding £29,237—for a grand total of £140,425. Bidding was keen and the items were 98.5 per cent. sold.

There were no outstanding items, but Stevens of Tokyo paid £850 (£120-£150 estimate) for a white jade bottle with an apple green stopper.

The Hong Kong buyer Sung gave the same price for a Soochow-style pale grey jade bottle. He also acquired a mottled dark grey bottle for £750 and an inside-painted glass, signed Yeh [illegible]-san the Younger, dated [illegible], for £650.

A Christie's auction of antiquities raised £35,532. A marble male torso, c.100AD, which stood for over 200 years in the garden of an English country house, went to the Belgian dealer Mayer for £4,200, double the forecast.

A more obviously attractive item, a Greek bronze helmet, dating from the 6th century BC, sold comparatively cheaply at £1,300 to the London dealer Ede. A bronze horse bit, made in Persia, c.800 BC, sold to Atigetchi for £700, and an early Hellenistic terracotta figure of a woman of the fourth century BC was bought by Bomford for £650.

Sotheby's annual winter sale of top Impressionist paintings, which this year takes place on November 29, is distinguished by the presence of one of the finest works of Renoir, *Le Promenade*, painted in 1870. Sotheby's is expecting a price of about £500,000.

The highest auction price for a Renoir is the $1.55m. paid in New York in 1968 for *Le Pont des Arts*.

Since then, demand for Impresisonist works has slackened. The painting is sent for sale following the death of Mrs. Spingold, whose late husband, a vice-president of Columbia Pictures, built up a fine collection of art.

FILM AND VIDEO — BY JOHN CHITT[OCK]

Art and the comput[er]

A NEW tool for the film and television industries has been unobstrusively establishing itself over the past decade. The computer, spectacular and well-known in the industry as an aid to the animated film-maker, performs Trojan service in running unmanned regional TV transmitters throughout U.K., helping film libraries trace stock shots at the BBC and elsewhere, reprocessing old movies to improve their image quality, and even "stretching" recorded speech to make it run longer without altering its pitch.

This emerged at a conference held by Imperial College in London, surveying the range of applications for computers in film and television. The possibilities now seem endless, especially in building a bridge between traditional concepts of alphanumeric communication and the more intangible language of visual communication.

Assistance

The labour-intensive, time consuming craft of the animated film-maker was one of the first to recognise the uses of the computer. The production of cartoon films involves the creation of thousands of drawings on celluloid (cels)—often only with fractional adjustments to each as the means of building up a sequence of movement. The drawing of cels between the start and end of a movement—called in-betweening—is a job that can now be done by computer. The tracing of the first drawing made by an artist can be fed, as X and Y co-ordinates, into a computer—likewise the last drawing—and the full range of steps in between can be retrieved as an output either on a television screen or a plotter which actually traces each drawing automatically.

Some idea of the potential assistance can be gathered from the statistics provided by Mr. John Halas, one of the speakers at the conference, who with his wife made the first British full-length cartoon feature film—*Animal Farm* — involving 250,000 individual drawings. Now the computer could ease the task, if still only as a servant of the artist.

Computer animation is also used to translate data into visual movement, yielding a new dimension to mathematical and technical information. Two striking examples seen at the conference showed a new method of calculating engineering stresses—turning design data into a photo-elastic display—and a moving picture of pollutant dispersal in the Solent, based entirely on parameters of tide, wind, pollutant, etc., all fed into a computer.

More conventional applications for the computer in the film and TV industries are, of course, concerned with data storage and retrieval, systems control and management operations. All of the ITV regional transmitters are, for example, computer controlled, and the BBC can search out library shots for producers by computer—even specifying the direction of subject movement. Other new television technologies rely on computers—such as the Ceefax and Oracle teletext systems and the NTSC/PAL colour TV standards converter which enables Britain to enjoy such high quality live broadcasts from the U.S. (not shared by countries which have failed to buy this British-pioneered equipment).

In the U.S., inconclusive attempts have been made to apply the computer to predicting potential box office successes at the cinema—searching out all the common denominators in past box office successes. Nonetheless, most Wardour Street pundits would say that this is one area where old-fashioned gut feeling is unchallengeable.

Surprises

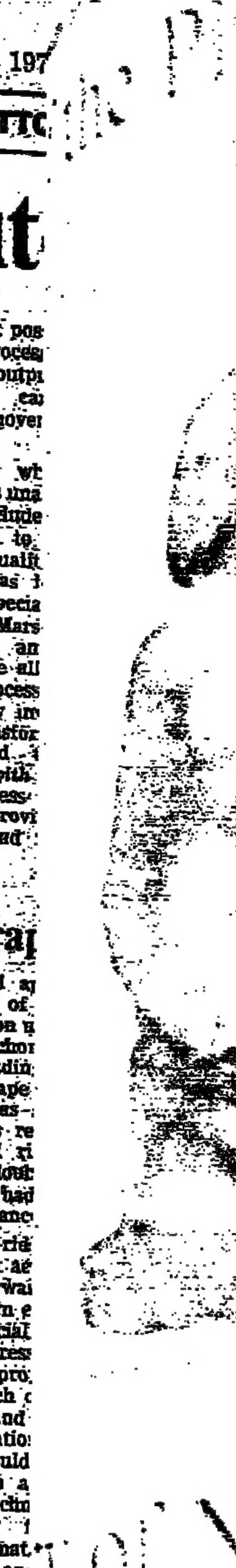
For many delegates at the recent conference, there were surprises at the hard reality of some progress made. One certain show-stopper was the pocket calculator, used by a blind technician at the National Physical Laboratory, which produces a form of speech to identify numbers and functions when the different keys are pressed. Similar technologies are now making it pos[sible for] speech to be process[ed to] yield a visual outp[ut] which animators ca[n use for] synchronised lip mover[ments to] match the speech.

Other instances wh[ere the] computer does jobs una[ttainable] by other means include [pro]cessing of images to [improve] their inherent qualit[y. A] prime example has [been] space pictures, especia[lly of] the moon and Mars [where] sharpness, colour an[d inter]ference defects are all [cleaned] up by computer process[ing. An] American company im[...] this, Image Transfor[m, has] recently subjected [the] originals of *Gone with* [...] to a similar process [for tele]vision release—improvi[ng its] original quality and [removing] scratches.

Choreogra[phy]

Another unusual a[pplication] has been the work of [...] Lansdown in London u[sing com]puters to write the chor[eography] for a ballet, includin[g ...] movements. Videotape [made] by this process was [shown to] delegates and was re[markably] free of the usual ri[gidity of] computer art—no doub[t because] human beings still had [to give] the actual performance.

The is an over-rid[ing purpose] behind this current ac[tivity of] interest. Stan Haywa[rd, one of] Britain's best known e[xperts in] animation — especial[ly as a] scriptwriter — is press[ing] for a co-ordinated pro[gramme] established in which c[omputers] can serve the film and [TV] industries at a natio[nal level.] Initially this would [provide] simple data — such a[s] availability of techn[ical and] human resources, [...] programme informat[ion,] access to budgeting an[d ...] ing programmes for [...] In the longer term, [it would] help to rationalise B[ritish ex]pertise in this field. F[...] ago last week, a simi[lar ...] happened with the sta[ndards] definition television [...] ing—the outcome of [...] from enthusiasm, in a [...] ment where rationalis[ation was] needed, which put Brit[ain ahead] of the world.



APPOINTMENTS

J. Hendin joins 600 Group

Mr. J. R. Hendin has been appointed a non-executive director of the 600 GROUP. Mr. Hendin is assistant managing director of Vickers and chairman and chief executive of its engineering group.

★

Mr. Gilson Gray has been appointed a vice-president of the World Banking Division of the BANK OF AMERICA and will be responsible for consolidating and developing financial services of the division from the New York office. He has also been appointed a director of Bank of America International, the bank's London-based merchant banking subsidiary. Mr. Gray was previously a director of Hill Samuel and Co. and executive vice-president of its New York subsidiary Hill Samuel Incorporated.

★

Vice-Admiral A. G. Tait is to be Second Sea Lord and Chief of Naval Personnel in February 1977 in succession to Admiral Sir David Williams.

★

Mr. John B. Newens has been appointed a director and general manager of CAPITAL REPROGRAPHICS. He was previously sales manager of Graphic Systems International.

★

Mr. Harold Glover will be retiring from the public service on January 31. He will be succeeded as Controller of HER MAJESTY'S STATIONERY OFFICE and as The Queen's Printer of Acts of Parliament by Mr. Bernard Thimont, at present an under-secretary and principal establishment and finance officer in the Civil Service Department. The post of Controller of HMSO is at deputy secretary level.

★

The following appointments have been made as part of the restructuring of the merchanting division of INTERNATIONAL TIMBER CORPORATION. Mr. T. C. Clayton (a director of International Timber) has been made chief executive and Mr. John Lilley, assistant chief executive, of International Timber Softwoods. Mr. R. W. Jewson, previously chief executive of Jewson and Sons, has become chief executive of International Timber Merchants. Mr. D. C. Chapman will be responsible to him for the Southern branches of the national network and Mr. J. Cheeseman for those in the North.

★

Mr. D. A. Roden has joined J. BESSO AND COMPANY as managing director. Other members of the Board are Mr. J. N. Creswell, Mrs. Bruna Cowan, Mr. W. G. Herring and Mr. S. D. Ireland.

★

Dr. Brian Spencer, currently Professor of Biochemistry at Trinity College, Dublin, has been appointed director-general of the FLOUR MILLING AND BAKING RESEARCH ASSOCIATION. Dr. D. W. E. Axford, deputy director of FMBRA since its formation, has become the new director of research. The appointments, which take effect next year, follow the departure of Professor Trevor Greenwood to a research post in industry.

★

Mr. Douglas Horner, who becomes senior general manager of

Mr. J. R. Hendin

BARCLAYS BANK on January 1, has been appointed also a director of the bank from that date. He will be succeeded as a general manager by Mr. W. L. Cockburn, at present a general manager of Barclays Bank International, who will also be appointed a director of Barclays Bank U.K. Management. Mr. Peter Leslie, who is general manager (group finance), will return to Barclays Bank International to succeed Mr. Cockburn and will relinquish his appointment as a director of Barclays Bank U.K. Management.

★

Mr. D. J. Hillyard has been appointed company secretary of DEBENHAMS.

★

Mr. J. K. Marsh has been appointed a director of HOGG ROBINSON AND GARDNER MOUNTAIN INTERNATIONAL.

★

Mr. R. E. Abbiss is to take up a newly-created post of senior executive, public and industry affairs, of ROLLS-ROYCE MOTORS INTERNATIONAL in January. He will be based in the U.S.

★

Mr. Eric Sutherland, director in charge of tour operations for Thomas Cook, is to join OLYMPIC HOLIDAYS as deputy chief executive of all travel companies in that group at the end of this year.

★

MORGAN GUARANTY TRUST COMPANY OF NEW YORK has announced the appointment as a senior vice-president of Mr. Jackson B. Gilbert, who will head the Latin American area in the international banking division. Since 1973, Mr. Gilbert has been managing director and general manager of Banca Morgan Vonwiller in Milan and a member of its Board. He is also a member of the Board of directors of Bandesco (Banco del Desarrollo Economico Espanol) and Cofiber SA, both in Madrid. Mr. Gaetano R. Vichelli, a vice-president of Morgan Guaranty, has been named general manager of the bank's Italian operations. His previous posts have included that of deputy general manager of [illegible] in Beirut, and responsibility in the Western European Group of [Morgan] Guaranty for its busine[ss in] Spain, Portugal and G[reece].

★

Mr. M. A. Sinclair has been re-elected chairm[an of the] BRITISH SHIP[...] ASSOCIATION. Mr. [...] chairman of Scott Lith[gow].

★

Mr. R. G. Newman w[ill join the] partnership of ROWE [&] MAN HURST-BROWN a[t the close] of business on Decemb[er ...].

★

Two newly-created appointments at the headquarters of CONOC[O NORTH] SEA INC. are Mr. Dev[...] as vice-president [and general] manager, Murchison Pr[oject, and] Mr. Tom Marr as Mana[ger, pro]ject director.

TV/Radio

† Indicates programme in black and white.

BBC 1

9.38 a.m. For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mary, Mungo and Midge. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pen Ei Dennyn. 3.53 Regional News (except London). 3.55 Play School. 4.20 Huckleberry Hound. 4.25 Jackanory. 4.40 Animal Magic. 5.00 John Craven's Newsround. 5.10 The Great Grape Ape Show. 5.35 Ivor the Engine.

5.40 News.
5.55 Nationwide.
6.40 The Osmonds.
7.10 Gemini Man.
8.00 It Ain't Half Hot Mum.
8.30 Mastermind.
9.00 News.
9.25 The Emigrants.
10.40 To-night.
11.15 Signs of Trouble.
11.40 Weather. Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.55-6.40 p.m. Wales To-day. 6.40-7.10 Heddiw. 7.10-7.35 Campus! 7.35-8.00 To-morrow's World. 11.40 News and Weather for Wales.

Scotland—5.55-6.40 p.m. Reporting Scotland. 6.40-7.10 The Songs of Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55 Scene Around Six. 6.40-7.10 Sounding Voices. 8.30-9.00 Spotlight on Northern Ireland Affairs. 11.15 Mastermind. 11.45 Signs of Trouble. 12.10 a.m. News and Weather for Northern Ireland.

England—5.55-6.40 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth). 6.40-7.10 North (from Leeds) Close Up North; North-West (from Manchester) Atarah's Band; North-East (from Newcastle) Look Closer; Midlands (from Birmingham) Music Makers; West (from Bristol) The Quiz Game; South-West (from Plymouth) Peninsula; South (from Southampton) Success Story—South; East (from Norwich) The Tuesday Music Show.

BBC 2

11.00 a.m. Play School.
2.30 p.m. Trade Union Studies.
3.00 Inside the News.
3.30 Peter Donaldson's Illustrated Economics.
7.00 News on 2 Headlines.
7.05 Zarabanda.
7.30 Newsday.
8.15 Floodlit Rugby League for the BBC 2 Trophy: Leeds v. Castleford.
9.00 Oneupmanship.
9.30 The Water Margin.
10.15 Montreal Memories: 1976 Olympic Games.
11.05 Late News on 2.
11.15 The Old Grey Whistle Test.
11.55 Closedown: Peter Jeffrey reads "Jamaican Bus Ride" by A. S. J. Tessimond.

LONDON

9.30 a.m. For Schools. 10.40 Manfred. 11.05 For Schools. 12.00 Issi Noho. 12.10 p.m. Rainbow. 12.30 Home Nursing. 1.00 News at One. 1.20 Lunch-time To-day. 1.30 The Cedar Tree. 2.00 Good Afternoon. 2.25 Sam. 3.20 Looks Familiar. 3.50 Emmerdale Farm. 4.20 The Arrows. 4.45 Magpie. 5.15 Out of Town.

5.45 News.
6.00 To-day.
6.35 Crossroads.
7.00 The Six Million Dollar Man.
8.00 The New Avengers.
9.00 Dickens of London.
10.00 News.
10.30 Scars.
11.30 Marcus Welby, MD.
12.25 a.m. Close: Brian Rix reads a poem by S. J. Forrest.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 The Muppet Show. 6.00 About Anglia. 11.30 Angling Today. 12.00 A Big Country. 12.30 a.m. Anthology.

ATV MIDLANDS

11.30 a.m. It's Life with David Bellamy. 1.20 p.m. ATV Newsdesk. 5.15 ATV Today (part 1). 6.00 ATV Today (part 2). 7.00 Sylvester Cartoon. 7.05 The Tuesday Movie: "The Disappearance of Flight 412," starring Glenn Ford. 8.30 Sez Les. 11.30 Angling Today.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 6.00 Border News and Lookaround. 7.00 Mystery Movie: Columbo. 8.30 Sez Les. 11.30 George Hamilton IV. †12.00 Border News Summary.

CHANNEL

†1.20 p.m. Channel Lunchtime News and What's On Where. 5.15 Around the World in 48 Hours. †6.00 Report at Six. 7.00 Sez Les. 7.30 Cartoontime. 7.35 The Tuesday Movie: "Pursuit." †11.30 Commentaires et Previsions Meteorologiques.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 5.15 Breaktime. 6.00 Grampian To-day. 6.05 Country Focus. 7.00 The Tuesday Movie: "Rhino." 8.30 Sez Les. 11.30 Evening Prayers.

GRANADA

1.20 p.m. House of Treasures. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 10.35 The Beverly Hillbillies. 7.05 Sez Les. 7.35 The Tuesday Movie: "Panic on the 5.22." 11.30 Theatre of Stars.

HTV

11.30 a.m. It's Life with David Bellamy. 1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.15 Breaktime. 5.20 Crossroads. 6.00 Report West. 6.17 Report Wales. 6.35 Mr. and Mrs. 7.05 The Tuesday Western: "Distant Drums," starring Gary Cooper. 11.30 Phyllis.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20-4.35 Miri Mawr. 4.35-4.45 Wstibethna? 6.00-6.17 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.17-6.35 Report West.

SCOTTISH

†1.25 p.m. Road and Weather Report. 2.00 Houseparty. 5.15 Animal Alphabet Parade—"M." 5.20 Crossroads. 6.00 Scotland To-day. 6.30 Battle of the Comics. 7.00 Sez Les. 7.30 Write to Isabel. 7.40 TV Movie: "Firehouse," starring Vince Edwards. 11.30 Late Call. 11.35 The Odd Couple.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day, including Southsport. 7.00 "The Red Beret," starring Alan Ladd. 8.30 Sez Les. 11.30 Oscar Peterson Presents. 12.00 Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. North East News and Lookaround. 5.15 Batman. 7.00 Cartoon Time. 7.05 Columbo. 8.30 Sez Les. 11.30 Phyllis. 12.00 Epilogue.

ULSTER

11.30 a.m. It's Life with David Bellamy. 1.20 p.m. Ulster News Headlines, followed by Lunchtime. 2.00 Houseparty. 3.40 Ulster News Headlines. 5.15 Breaktime. 6.00 UTV Reports. †7.00 Tuesday Movie: "Sitting Pretty," starring Robert Young and Maureen O'Hara. 8.00 Sez Les. 11.30 Angling To-day.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Around the World in 48 Hours. 6.00 Westward Diary. 7.00 Sez Les. 7.30 Cartoontime. 7.35 The Tuesday Movie: "Pursuit," starring Ben Gazzara. 11.30 Westward Late News. 11.35 Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 5.25 David Niven's World. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Columbo. 8.30 Sez Les. 11.30 Phyllis.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Simon Bates. 12.00 Paul Burnett: New Top 30 Discs, including 12.30 p.m. Newsbeat. 2.00 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2. 8.02-10.00 as VHF). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1 but including on 1500m only (also 202m Scotland) 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Beat the Record. 7.30 Robin Richmond: The Organist Entertains (S). 8.02-10.00 Sport on 2 Special (1500m only). 8.02-9.00 Ragtime to Rock 'n' Roll (VHF and 247m only, also 202m Scotland). 9.02-10.00 Among Your Souvenirs (VHF and 247m only, also 202m Scotland) (S). 10.02 Sports Desk. 10.05 BBC Radio Orchestra (S). 11.02 Ruth Cubbin with The Late Show (1500m only, also 202m Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Schubert (S). 9.40 Academy of the BBC (S). 10.45 Bath Festival 1976 (S). 11.15 Scottish University Concert (S). 12.10 p.m. Cardiff Midday Prom, part 1: Weber, Mozart. 1.00 News. 1.05 The Arts Worldwide. 1.20 Midday Prom, part 2: Schubert. 2.00 Schumann's Piano Music (S). 3.00 A Little Light Music (S). 3.45 Music for Violin and Piano (S). 4.40 The Composer in Jazz: Thelonious Monk (S). 5.25 Oboe Sounds (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (S) (continued). 6.30 Lifelines: Work and Training. 7.30 Royal Liverpool Philharmonic, part 1: Delius (S). 8.05 If I Had Been . . . part 1: If I Had Been Gladstone in 1880. 8.25 Concert, part 2: Vaughan Williams (S). 9.00 "84 Charring Cross Road" by Helene Hanff (S). 10.25 Music In Our Time (S). 11.25-11.30 News.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming To-day. 6.40 Prayer for the Day. 6.45 To-day. 7.00 News and more of To-day, including Sports News, To-day's Papers, and 7.25 (VHF) Regional News. 7.45 Thought for the Day. 8.00 News and more of To-day, including 8.25 (VHF) Regional News. 8.45 Yesterday in Parliament. 9.00 News. †9.05 Tuesday Call. †10.00 News. †10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. †11.00 News. †11.05 Down Your Way. †11.45 James Cameron. 12.00 News. 12.02 p.m. You and Yours. 12.27 Forces' Chance (S). †12.55 Weather, programme news; VHF (except London and S.E.) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour († from 2.00), including 2.00-2.02 News. †2.45 Listen with Mother. 3.00 News. 3.05 Festival at Farbridge (S). 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. †5.50 Financial Report: VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 My Word! (S). 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Royal Liverpool Philharmonic, part 1 (as Radio 3) (S). 8.05 If I Had Been . . . (as Radio 3). 8.25 Concert, part 2 (as Radio 3) (S). 9.40 Kaleidoscope. 9.59 Weather. 10.00 The World To-night. 10.45 A Book at Bedtime. 11.00 The Financial World To-night. 11.15 To-day in Parliament. 11.30 News.

For Schools (VHF only) 9.10 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susie Barnes with Rush Hour. 9.00 News Extra. 9.20 Astley Jones with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. Call In, including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Tony Fish with Home Run, including London News Desk. 6.00 Look, Stop, Listen. 7.30 Jenny Thompson and Diana Rice with In Town (as 11.03 a.m.). 8.30 All that Jazz. 10.03 Late Night London. 12.00-Closedown as Radio 2.

London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 8.00 Music in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 London To-day. 7.30 Open Line. 9.00 Nicky Horne: Your Mother Wouldn't Like It. 11.00 Tony Myatt: The Late Show. 2.00-6.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,230

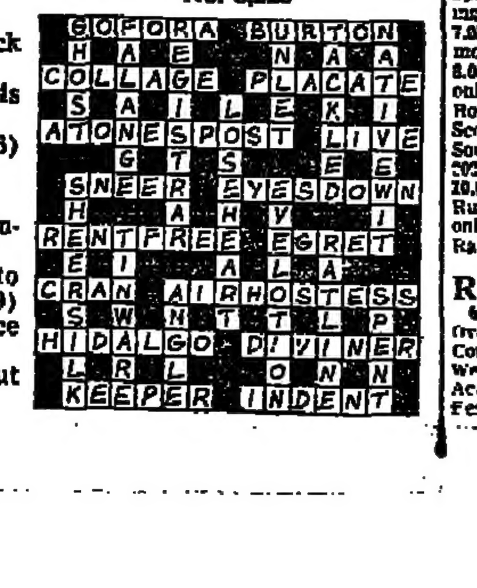
ACROSS

1 Spot very quietly in the valley (6)
4 Charges a fellow with appointments (8)
10 Ideal girl from the Meat Board (5-4)
11 "Creeping like —— unwillingly to school" (AYLI) (5)
12 Cheeky fellow (4)
13 The Prince has not returned to the dance (10)
15 Periodical—it's in the wind (7)
16 Infer some French dictator (6)
19 Designs and the rest he's after (6)
21 "For words, like Nature, half reveal and half —— the Soul within" (Tennyson) (7)
23 Give an example—for a change it's all true (10)
25 A college servant for captain (4)
27 A country paper (5)
28 Attempt to clear—the black sheep? (9)
29 Proverbially equivalent is enough (2, 1, 5)
30 Mean to indent possibly (6)

DOWN

1 Taken off the Channel indeed (8)
2 Nearly everyone gets in to forestall what is common (9)
3 Graduate up in record source of light (4)
5 Girl in the Services worn out with her clothes on (7)
6 Swelling a short distance before the conclusion (10)
7 Characteristic makes skill rise with it (5)
8 Farewell thus protracted (2, 4)
9 Companion in the money has connection with China (6)
14 Dwale when deadly (10)
17 Bill gets a friend to finish the game (9)
18 With skids under foot but careless (8)
20 Old Bob swims fast, writes badly (7)
21 Feline relations found in willow (6)
22 A little car for mother—the least we can do (6)
24 Possible daily girl (5)
26 The bird gives a sound performance (4)

SOLUTION TO PUZZLE No. 3,229



صكتا من الأصل

politan Museum of Art, New York

rt of the Pharaohs by DENYS SUTTON, Editor of Apollo

1 art has generally domain of the archae- her than the aesthete. e extent this has been fact that most writers were raised in the tradition and had to ustments of taste to aesthetic values of the Egyptians. However, began to change in the rs of the century, as een from the writings m Worringer and T. E. ter Julius Meier-Graefo of the first to evaluate art in artistic terms.

uality certainly marks ian items in the newly alleries at the Metro- Auseum of Art, New ost of the collection has visible for 17 years and. n view of its size, only own. The new galleries, e admirably arranged, pieces from paleolithic wn to the 13th dynasty to 1991 BC) and from dynasty down to the e Coptic period (380 BC 1). The middle period, ncludes the splendid from the tomb of Queen it, will be opened later.

the features of the new is that all the material to the museum is on nd in a good light. This hat the sort of small ch as the carved ivory p (from the Gurzean c. 3.600-3.200 B.C.), night easily be over- an be studied. It is an jewel-like object which the Egyptian gift for on of animals.

tent to which the form ecific piece was deter- the material or tools to an artist is raised of the works on view. ance, the lion god of C., a masterly small , was carved with a ol. This was the only type of instrument available to the artist: it permitted him to capture the form of the animal in a superb way.

Egyptian art is essentially that of the tomb. In accordance with the wishes of his patrons, the artist was intent on the search for an artistic mode of expression which would permit the *Ka* of the deceased, in other words his double or astral body, when confined in the eternal abode, the tomb, to continue to enjoy life during the centuries. Artists succeded in their aims for their representations of men and women and animals possess a vitality that survives. What is more, hieroglyphics reveal the names of the owners of tombs.

Statue of a Captive (Egyptian Dynasty 5, c. 2400 BC)

The Metropolitan collection contains many important pieces that serve to present the diversity of Egyptian art. Portraiture had its origins in Egypt and the artist did not see his sitters in a stereotyped manner. He was too fastidious for that; indeed one of the hallmarks of Egyptian art is its elegance and aestheticism, which in the eighteenth dynasty was to attain a fine de siècle character.

Some years ago Boris de Rachewiltz argued that the Pythagorean formula that "God works everywhere by means of geometry" was a good way of summing up the achievement of Egyptian artists. Precision of execution and sharpness of observation are certainly dominating features of the artist's vision. How interesting it would be to know more about the role of the artist in Egyptian society. I remember the excitement I underwent when first seeing the self-portrait of Bek, a sculptor, which was once on the London art market and is now in the Berlin-Dahlem Gallery. No less fascinating is the portrait of Kaem-hesit, another sculptor, with his wife and child, in the Cairo Museum.

One of the most touching pieces in the Metropolitan collection is the fifth dynasty statue of a captive. The artist has captured the resignation and pride of the man who probably belonged to a tribe from the eastern desert; in doing so he has shown the human side of Egyptian art.

The Egyptian artist's observation of nature gave him a special feeling for movement—animals in flight or men running and for depicting what must be the first still life pictures in existence. They antedate those found in Roman painting by many years.

Although the eighteenth dynasty is not shown, the selection of headdresses is a reminder of the supreme elegance of this period. Blues and golds are used to considerable effect. How beautiful Egyptian women must have looked when dressed in their finest clothes and wearing their carefully prepared make-up! The circlets at the Metropolitan Museum make one ponder on the debt of the craftsmen of Art Nouveau to Egyptian art which had long been admired in France.

Not all aspects of Egyptian art are equally attractive and the boats with the rowers always remind me of Salon paitings of the 1870s. However, such items do possess interest for those keen on studying the life of the past. The galleries contain ancillary material which assists such studies but it is displayed so as to avoid spoiling aesthetic pleasure.

The artistic consequences of the Roman occupation of Egypt are recalled in the galleries, but with a decline in power came a decline in artistic vitality. One entrancing section consists of the collection of second century AD Fayum portraits which are examples of the ancient method of painting in wax (encaustic) which was described by Pliny. One of the most remarkable is the shroud with a full-length portrait of a woman. The sense of space and atmosphere conveyed in this "picture" was not captured in Western art until the time of Velazquez. A visit to the Metropolitan Museum always opens fresh vistas!

The Entertainment Guide is on Page 32

Leonard Burt

Stewart Preston, Stefan Kalipha and Joan Ann Maynard in "A Seventh Man" which opened last night at the Hampstead Theatre

Book review

Young Sibelius

by ELIZABETH FORBES

Sibelius Volume 1: 1865-1905 by Erik Tawaststjerna. Faber. £12.50, 316 pages

Erik Tawaststjerna's monumental biography of his compatriot, Jean Sibelius, will eventually run to five volumes in the Finnish edition; the author, however, writes in Swedish, and one volume in that language, an abridgement of the first two in Finnish, has also been published. For the English edition, again abridged, Robert Layton has made his fluent translation direct from the original Swedish text, incorporating some new material. Consequently the three editions differ from each other quite considerably—such complexities are typical of a country where two languages and two cultures exist side by side, as they do in Finland.

Sibelius himself came from a family (originally named Sibbe) that for several generations had been Swedish-speaking. From the age of eight, Jean (christened Johan, like his grandfather and uncle, and usually known as Janne) attended a Finnish-speaking school. His wife, Aino Järnefelt, was the daughter of a general who, though born a member of the Swedish-speaking aristocracy, was a fanatical supporter of the Finnish language cause. Sibelius's letters to Aino during their engagement are in Swedish; many of the later ones after their marriage are partly or wholly in Finnish.

This volume, covering the first 40 years of the composer's life, deals with the first two symphonies, the violin concerto—Sibelius had originally wanted to be a violin virtuoso, but was neither quite good enough, nor willing to work hard enough to achieve this ambition—and many of the more popular Suites, shorter pieces and songs. There are graphic accounts of the genesis of *Kullervo*, his symphonic poem based on the Finnish epic the *Kalevala*, and of *The Building of the Boat*, an abortive music drama also derived from the *Kalevala*.

The picture of contemporary cultural life in Finland, and in Berlin and Vienna where Sibelius studied, is particularly fascinating. During the late 1880s, when he was a student at Helsinki, his circle of close friends included Busoni, then teaching at the Music Institute there; his future brothers-in-law, Armas Arvid and Eero Järnefelt, respectively musician, writer and painter; Adolf Paul, whose play *King Christian II* occasioned the incidental music, and who also wrote a novel in which Sibelius appears thinly disguised as the composer Sillén; and Juhano Aho, another writer whose novel *Alone* contains a portrait of Aino *Järnefelt*.

Sibelius was chronically short of money, which he spent with great prodigality whenever he had any; he taught for a time, but failed to obtain a University post. Finally the government awarded him a small pension. After his marriage to Aino he endeavoured to give up the dissipated life that he had led as a bachelor, but could not always keep to his good intentions. A sociable man, he enjoyed the convivial stag sessions at the Kämp Hotel in Helsinki. Aino bore it stoically, but "a woman's temperament," she wrote in 1904, "can't cope with all the turbulent ups-and-downs of a creative artists' temperament." She continued to cope for another 53 years, years which will be described in the second and longer volume of Tawaststjerna's engrossing book.

Hubert Dalwood

Hubert Dalwood, who died suddenly this month at the age of 52, was one of the most gifted and influential sculptors of his generation, the vital generation that, coming after Henry Moore and Barbara Hepworth, extended the scope of British sculpture and prepared the ground for the new generation of the 'sixties. He was not as widely known as he deserved to be, but within the art community his reputation was secure, an artist loved and respected by his peers.

But he was far from being an isolated figure: as a professed artist he felt himself to be responsible to the community of his colleagues, to whom he gave unstintingly of himself, in his encouragement and advice. As a teacher, and an indefatigable member of the committees and panels that keep our public art machine turning, he fought to make sure that the interests of his fellow artists were not merely taken into account but put first. We are all very much in his debt. **WILLIAM PACKER**

York theatre

Plenty of Nuttin'

by GEORGE OPPENHEIMER

ing closely on the heels and Bess, which has deservedly one of the tickets in town, came plays that were not quite *The Robber Bridegroom* k and lyrics by Alfred nd music by Robert actually opened last ut for so limited a run playgoers were able to I was one of the lucky I found it an enchantrtainment. Now it has ught back and, although in the minority, the nent has been partially d in this new Broadway on.

ally it was put on by ellent young group, John n's Acting Company, s directed by Gerald n. It told a fairy-tale adapted from a novella ra Welty, of a Natchez ity where a handsome plied his dishonest trade the side, stole the hearts en. One young girl in r, posing as a maid of ods (sometimes in the captivates him. He her love and promises business with marriage iress. What he does not s that heiress and maid both in disguise. What the fable beguiling is, t, not its plot, but the in which it is done, imaginatively and

ppily, this second time emed to me not as tive as before. Freednot cast it as well, with ption of Barry Bostwick title role, and has ent with more songs, more nd a broader treatment. roine's stepmother has come a character so s to be charmless. She d me of a remark made rector to another superthyroid actress: "Don't just do something, stand there."

Nevertheless, *Robber Bridegroom* still retains much of its charm and, for those who have not seen it before, it should be a treat, especially as Bostwick is one of the most skilful, attractive and ingratiating actors in evidence.

David Storey's *The Farm* has come to us from your side and filled us with a combination of admiration and confusion. I had a rather bad time hearing the North English accents of a company of American performers and, even had I heard every word clearly, I would still have liked to have asked the author (who sat only two seats away from me) more questions than would have been welcome. Notwithstanding my lack of understanding, it held and fascinated me somewhat in the manner of a Pinter play. It has been well acted, admirably directed by Marshall W. Mason and produced by the enterprising Circle Repertory Company, one of the very best of the off-Broadway groups.

I wish I could say as much for the American Place Theater and its latest mishap. It is called *Jack Gelber's New Play: Rehearsal*, which seems to me somewhat immodest, and it is a play within a play in which pandemonium takes over. An ex-convict has written a prison drama that, in rehearsal, is being slowly but surely torn to pieces by director and actors, especially a militant black who wants to alter it into a social tract. Finally, amid the chaos, comes the lady producer to announce that she has been unable to raise the necessary funds and the play will have to be called off. If only that had happened at the beginning instead of at the end, the evening would have been a lot more rewarding.

As usually happens with the American Place, it is well enough acted but hardly seems worth the effort.

Another company which fails to pleasure me is the Roundabout. This time it is, for no visible reason, putting on Shaw's *The Philanderer* which even he did not think much of. It was his second play, unlike Fanny's first, and it finds him singularly out of stride. The Roundabout has cast it well with Donald Madden and Cara Duff-MacCormick in the leading roles and an English director, Stephen Hollis, has staged it deftly. However, it needs more than good acting and direction to save it from drowning in a flood of verbiage and inaction. In short, this satire of the New Woman is Old Hat.

A playwright, Louis La Russo II (to none according to his estimate), wrote a play last season, entitled *Lamppost Reunion* which some of the critics thought showed promise. I was not among them and my negative opinion has been confirmed by his latest offering, *Wheelbarrow Closers*. (He does have a penchant for unattractive titles.)

To herald this second item, Russo had an interview in the New York Times in which he stated bashfully: "In ten years time there will be no other writer in my league. I'll be the greatest writer of my time." Having now seen two of his output, I am more than willing to wait for this unlikely happening.

Wheelbarrow Closers is about a super-salesman who is a walking example of the evils of supersalesmanship and of bad playwriting. For two acts he yells at his drunken employees, his drunken wife and his relatively sober son and daughter and for the same two acts they yell back. They are all in loud voice.

Elizabeth Hall

Staffan Scheja

by DOMINIC GILL

The Swedish pianist Staffan Scheja was born in Stockholm in 1950, and won the International Busoni Competition in 1975. He is a talented young musician, and at his South Bank recital on Sunday afternoon he gave eminently respectable performances of works by Grieg, Beethoven, Chopin and Mussorsky—all of them good, but each one in its own way strangely without individual voice, personal stamp: each a well-crafted performance, but given all the same without much supporting evidence of inner conviction, inner fire.

His account of Grieg's rarely-played Ballade in G minor op. 24 was strong-fingered and likeable—though a more mercurial, Cherkasskian temperament might have called on a wider range of keyboard colour, and allowed somewhat more vivid melodramatic pointing, to more authentic effect. Mr. Scheja's E flat sonata op. 27 no. 1 of Beethoven was wholly amiable, wholly unassuming—dangerously somnolent for that deceptive "quasi una Fantasia," and for a Sunday afternoon.

In some hands, Chopin's tiny E flat Nocturne op 55 no. 2 is a dizzily sensuous experience; in Mr. Scheja's, who gave it very straight and plain, without a trace of manic elegance or shy angoisse, it was no more than pleasantly satisfying. His Chopin F minor Ballade, likewise: straight, clean and un-nuanced. Nor was there anything remotely eccentric, not to say personal, to his account of Mussorgsky's *Pictures at an Exhibition*: except that "Limoges" was taken rather too fast for adequate control of phrasing, the exhibition passed without incident. Was it not, however, slightly odd to treat the whole as a single sequence, without pauses between sections—when Mussorgsky was so careful to show precisely when he envisaged a pause, and when he did not?

Festival Hall

Serkin

by MAX LOPPERT

If cycles of Beethoven symphonies and concertos there must be—and, each in turn, season after season, the non-BBC London orchestras come forward with their own version, with monotonous and (to the critic, at least) disquieting regularity — then let Rudolf Serkin always be present to take part in them. The genius of his playing, as it was experienced afresh in Sunday's performance of the G major piano concerto (with the new Philharmonia Orchestra under Lorin Maazel), is to recreate the glorious *importance* of the music—as though there had not been thousands upon thousands of routine, fluent or even passably effective readings of it to dull its particular, special significance.

That first chord — most remarkable start of any piano concerto, a simple triad softly sounded, without attack or accent, as though the listener had suddenly been allowed to hear music already in existence—became a symbol of the performance; for the pianist's very touching of it spread an immediate expectant calm, an air of fresh, wondrous discovery. Very little about the playing as such can be "explained," though details of mastery may be noted (such as the extraordinary relationships forged between the trills throughout the work, in colour and structural impact; or the melodic line that went on and on and on, over bar lines and above rhythmic patterns; or those sudden, massive, galvanic surges of energy in the tone). The effect of such note-taking must inevitably be to embroider an experience whose essence was its wholeness and simplicity.

Lorin Maazel, a chameleon conductor, capable, in a single concert, of inciting a rigid, unyielding first *Leonora* Overture (which began the evening) and a thrillingly bold and vibrant second *Leonora* (which closed it), was a devoted, sensitive accompanist. The orchestra's failure to repeat the sublime vision of Serkin's opening bars, in exact sequence of accents and dynamics, was a disappointment. Then the pianist's inspiration took hold and the exchange between soloist and orchestra was fiery. Earlier in the concert, the B flat concerto, filled with leonine roars and sudden gusts of hilarity, was also touched with passages of splashing and smudging.

Victoria

Sailor by ANTONY THORNCROFT

had better watch it. egan as the most enjoy- group of 1975, breath- h, melodic airs into the world of heavy rock, is er of being marooned in ally sterile, if very t, desert.

problem starts with the The story is that Sailor med in an Amsterdam its music to date has uilt round the sea-going res of lead singer and Georg Kajanus. For a ngs about the red-light districts of the world's ports and the girls that haunt them, made a nice change from the personal angst in much other contemporary music. But now Sailor seems to be captive on some dread Flying Dutchman trip, churning out for eternity (or until its record company loses patience) Kajanus's distant, nautical memories.

The fact that the group exploits a nickelodeon, as well as funny hats and rare instruments, also ensures a jangling sameness to its concerts, while Kajanus has a physical presence on stage but not much voice left.

The group needed most of its act to get itself and the audience going but at the end, as balloons floated up to the rafters and pink confetti scattered to the floor, the party atmosphere was just about there, thanks to the strength of Sailor's good old songs, like "Glass of Champagne."

The other great plus for Sailor, which makes them worth persevering with, is the care taken in creating a harbour-side image. The stage is mounted with bar signs and lamp-posts. The lighting is excellent, presenting Sailor's songs as theatrical cameos, like a world tour by magic lantern with music thrown in.

Also rather charming is the incongruity between the songs, the group, and the fans. The lyrics can be rather saucy and sharp, summing up the attractions of Panama with the couplet, "You don't make love in Panama, until you've bought a camera." The fans on the other hand tend to be young girls, often decked out in sailor suits and rather keen on Kajanus's peaked captain's cap, while the members of the group sound like sophisticated intellectuals, more at home in the Amadeus String Quartet.

This makes for rum conversations between chief talker Henry Marsh and the front rows. All in all, Sailor is an intriguing band, with some excellent songs, but boxed into a limited and unreal musical format.

EUROPEAN NEWS

Crédit Agricole to buy Château Margai

BY ROBERT MAUTHNER — PARIS, N.

CHATEAU MARGAUX, which produces one of the five *premier grand cru classe* Bordeaux wines, is expected to be bought by Crédit Agricole, the semi-public bank, whose main activity is to grant loans to farmers.

The sale has been approved by the French Government which, following its veto in August of a bid by National Distillers of the U.S., has been desperately looking for a "French solution" to the serious financial troubles of what is considered to be almost a national institution.

The price, however, will be well below the Frs.82m. (about £10m.) offered by National Distillers.

According to informed sources in Paris, Crédit Agricole will pay no more than Frs.60m., barely enough to cover the debts of the associated wine merchants' establishment, which like Chateau Margaux, is owned by the Ginestet family.

Margaux has been in the Ginistet family for five generations and the family is still reported to have reservations about the deal.

Its financial difficulties, however, are so great, following the collapse of Bordeaux prices after their previous dramatic rise, that the family is generally considered to have no choice, particularly now that the Government and the pool of Ginestet creditors have given their approval to the sale.

The Ginestet family is being asked to sacrifice itself for the national interest, without apparent hope of financial compensation.

Yet the Government's decision to veto the sale to National Distillers cannot be seen as entirely an act of blind nationalism. The French are understandably attached to their great vineyards and do ... to see them fall into ... hands.

France has already s... celebrated Bordeaux vin... Château Haut-Brion, no... by the American Dillon... and Château Latour, acq... the Pearson Group in 19... the national fold.

The question now ... Crédit Agricole has in s... Château Margaux. Sour... to the bank indicated t... did not want to keep the ... for very long, and the as... in Paris is that it will ... when conditions becon... favourable.

Crosland wants EEC wealth move

By Reginald Dale

BRITAIN would like to see much larger transfers of resources from rich to poor countries inside the EEC so as to promote "economic convergence" between the nine member countries, Mr. Anthony Crosland, the Foreign Secretary, indicated in London yesterday. The Nine would have to work out a coherent strategy to achieve this when they diseased *successor arrangements to* the present Regional and Social Funds during the British Presidency of the Community in the first half of next year, he said.

Mr. Crosland told a Foreign Press Association lunch that the Regional and Social Funds, though quite inadequate, were "an example of the kind of thing that we should need." Economic convergence would not exist until the Community could devise adequate mechanisms to reduce the disparity in wealth between member states, he said.

The problem of economic convergence would become "formidably more difficult" when the Community was enlarged to include Greece, Portugal and possibly Spain, Mr. Crosland said. But while pledging renewed British support for Greek and Portuguese entry, he said Spain had not yet reached a level of democracy that would justify the country's membership.

German opposition urg... debate on fired general...

BY ADRIAN DICKS — BONN,

THE POLITICAL storm in Bonn over the Social Democratic Government's dismissal of two air force generals a week ago moved into a new phase to-day, when the Christian Democratic opposition announced it would seek an early Bundestag debate on the affair. Its leader, Herr Helmut Kohl, accused the Government of misinforming the public.

Herr Kohl said of the dismissal of General Walter Krupinski and Maj.-Gen. Karl-Heinz Franke that it was "no way to treat citizens in uniform." He added that "there exists not the slightest doubt" about the loyalty of the Bundeswehr to the democratic constitution.

The two generals were fired a week ago by the SPD Defence Minister, Herr Georg Lebet, after they had compared a notoriously right-wing former Nazi air force officer, Col. Hans Rudel, to the present SPD floor leader in the Bundestag, Herr Herbert Wehner, who was once a member of the Communist Party and spent part of World War Two in Moscow. The remark was made to journalists by Gen. Franke after he had been criticised for letting Col. Rudel attend a veterans' reunion. He said that if Herr Wehner could change his ideas, so might Col. Rudel. Gen. Krupinski concurred with this opinion.

Meanwhile, the federal President, Herr Walter Scheel, appeared to have succeeded in taking some of the bitterness out of the affair to-day. He signed formal notices of dismissal only after Herr Leber had given written explanations of his reasons and had justified them under Article 50 of the Military Law. This allows the Minister to fire a general whom he finds in compatible with his policies, but without prejudice to his reputation or pension rights.

Earlier to-day, the two generals had announced a move to sue Herr Leber before the military administrative court. They were not seeking reinstatement, in spite of their statements that they feel they stood up for free speech, but were complaining that they had been sacked ignominiously under Article 22 of the Military Law intended for persistent disciplinary offenders.

● The West German Social Democrats and Free Democrats held a further round of discussions to-day on the future shape of their coalition Government, under the shadow of the increasingly precarious financial situation of the old age pension insurance system.

On the eve of the discussions, the independent panel which keeps a watching brief over the social security machinery warned the Government for the second time in a month that it could not both keep its promise to raise pensions by 10 per cent. next July 1 and also avoid a new increase in contributions.

According to the panel, made up of employers' and trade union representatives and academic experts, average wage ... of 8 per cent. a year an... unemployment of 2.5 ... a year during the next ... would lead to a defic... end of that period of ... in the pension schen...

In the shorter t... Bundesbank has calcu... system will draw do... DM25bn. out of its tota... of about DM43bn. bet... and the end of next y... DM18bn. that would ... left in the kitty wo... pension entitlements ... more than three mont...

Although this situ... been building up ... months, it was largel... mentioned during th... campaign, when all th... parties repeated thei... ment to increase pen... July, as required by ... nism that adjust th... automatically to mal... inflation.

Faced once again ... reality of the prob... Helmut Schmidt and h... Herr Hans-Dietrich ... have a difficult choic... as they prepare for ... period of office and th... Government program... delivered in mid-... Either they must po... pension increase ... charges of reneging on ... or they must raise co... to a new record level ... cent. of the averag... worker's gross inco... courses of action ap... them open to attack,

Quakes may be first of series

UPPSALA, Nov. 8.

A SERIES of five earthquakes, stretching from China to Greece during the last two days, may be a signal of a new movement of the earth's crust which could continue for weeks or months, according to a Swedish expert.

During the last 48 hours, quakes have been recorded in Yunnan province, China, on Mindanao Island in the Philippines, in Japan, Iran and northern Greece. Although damage has been severe in several places, only in Iran have there been deaths, with 15 killed.

Dr. Marcus Baath, head of the Uppsala Seismological Institute, said to-day that the tremors *indicated a renewal* of activity which last peaked in August, when there were quakes in China, the Philippines and Italy. The activities are caused by movement of the dozen different plates which cover the earth's crust or mantle. Many experts believe these are moved by heat currents inside the earth.

Reuter

Sino-Soviet gap is wide on ideology

BY DAVID SATTER — MOSCOW, Nov. 8.

THE Soviet Union has received a message from the Government of China on the 59th anniversary of the October Revolution that is marginally warmer than similar messages in the past, but indicates that the Chinese are not anxious to resolve the ideological differences which have divided the two countries for the last 20 years.

The unsigned message, sent to the Government of the Soviet Union, spoke of "revolutionary friendship with the Soviet *people," and offered* "ardent congratulations" on the anniversary of the Revolution.

Its most significant feature, however, was the absence of any reference to the Sino-Soviet border dispute. Last year's message tied "practical steps" towards the resolution of the dispute to any improvement in Sino-Soviet relations.

The message this year, which was published by the Soviet news agency, Tass, suggests that the Chinese have softened their approach slightly in the face of conciliatory gestures by the Soviets since Mao's death. But by stating that "questions of principle" should not hinder the development of *state-to-state* relations, it indicates that the Chinese still have every expectation that ideological differences will remain.

Cyprus ra... in protest ... Turk forc...

NICOSIA

THOUSANDS of Gre... demonstrated here a... cities to-day on the ... United Nations deba... future of the island.

Shops, offices and ... Greek-held parts of ... early to ensure a ma... and in Nicosia, 5,... gathered in the c... square.

The rallies express... at the lack of progres... menting previous UN ... calling for the wit... Turkish troops from t... part of Cyprus and th... refugees who left th... during the 1974 inva...

Speakers also call... Secretary-General K... heim to take practica... including sanctions ... Turkey. It is unde... the Greek-Cypriot de... the UN, headed b... Minister John Christo... sounding out opinion ... see if a call for sanct... have the support ... countries.

Earlier to-day Gr... President Archbishop ... told student demons... wa confident of a "g... tion" from to-day's de... UN General Assemb... committee.

Turks seek EEC accord

BY METIN MUNIR — ANKARA, Nov. 8.

TURKISH Foreign Minister, Mr. Ihsan Sabri Caglayangil, to-day requested here that a Turkey-EEC summit meeting be held before the end of the year to resolve differences between the two sides.

The Turkey-EEC Association Council, composed of the Foreign Ministers of the Nine and of Turkey, and constituting the partnership's summit, has had to be postponed twice this year because no grounds for compromise could be found.

Deadlock has arisen because the Community is refusing to meet fully the Turkish request for concessions, including freer access for Turkish agricultural products to the Nine, the gradual free circulation of migrant Turkish workers in the community, bigger credits, and help to bridge the Turkish trade deficit.

EEC proposals were found by Ankara to be "totally inadequate and unacceptable." In response to Mr. Caglayangil, the EEC indicated that it was not planning to be more generous in its concessions, and did not favour a summit by the end of the year.

A crisis may come with or without a summit, because within a few months, both Turkey and the Community must implement measures under their agreements to make Turkey a full member before the end of the century. Next month, the Community must start the 10-year period during which free circulation of migrant Turkish workers is to be accomplished. In January, Turkey should further reduce its tariff barriers.

OECD prices up slightly

PARIS, Nov. 8.

CONSUMER prices in countries which are members of the Organisation for Economic Co-operation and Development (OECD) increased 0.8 per cent. in September, up from 0.5 in August, reflecting the incidence of major increases in public charges (principally rail fares and electricity) in Japan, the OECD said to-day.

While September saw little change in the rate of increase of consumer prices in North America and Europe, the rise in Japan was 2.7 per cent., compared with minus 0.8 per cent. in August.

In September, consumer prices in North America were below average, helped by continued stability of food prices. In Europe, there were wide disparities, reflecting the timing of administered price increases, including indirect tax changes, seasonal food prices and the impact of exchange rate developments, the OECD added.

For the 12 months to September, consumer prices in the OECD area as a whole rose 8.1 per cent., compared with 11.2 per cent. for all of 1975. The smallest rise in the 12-month period was recorded by Switzerland with 0.9 per cent., and the biggest by Iceland, with 31.8 per cent.

The 12-month increases in major member countries were: West Germany 4 per cent., the U.S. 5.5, Canada 6.5, Japan and France 9.7, Britain 14.3 and Italy 17.

THE FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscriptions $167.00 (air freight) $232.00 (air mail) per annum. Second class postage paid at New York, N.Y.

Kadar to visit Austria in mutual goodwill gesture

BY PAUL LENDVAI

VIENNA, Nov. 8

HUNGARIAN Party leader, Janos Kadar, will visit Austria on December 6-7, for his first official mission to a West European country, it was reliably learned here. The visit is regarded here as a major political event, and as a symbolic gesture of mutual goodwill in East-West relations.

The 64-year-old Hungarian leader will come to Vienna in his capacity as one of the 17 members of the Presidential Council, the collective head of State in Hungary. Mr. Kadar's only previous visits to the non-Communist world were in 1960, when he participated at the UN General Assembly in New York, with other Soviet bloc leaders accompanying Mr. Khrushchev, and at last year's European security conference in Helsinki. This will be the first time that the First Secretary of the Central Committee of the Hungarian Communist Party will pay an official visit to a so-called capitalist country.

Austrian Chancellor, Dr. Bruno Kreisky, met Mr. Kadar last in early September, during his two-day private trip to Hungary. As Herr Kreisky is well known as a firm and public opponent of any kind of popular front politics, the Vienna meeting should not be seen as a move to forge closer contacts between European socialists and communists.

According to all indications it will be very much an inter-state occasion. Thus Mr. Kadar will also be received by the Austrian President, Dr. Rudolf Kirchschlaeger.

Austria is Hungary's second most important Western trading partner and takes a foremost place among the countries with which Hungary has concluded co-operation agreements. The demonstrative move to intensify relations between Communist Hungary and neighbouring neutral Austria comes at a time of uncertainty concerning the future of East-West relations in general. Mr. Kadar's forthcoming trip is regarded therefore by informed Austrian circles as a deliberate contribution by both sides to detente and stability in central Europe.

Hoxha backed by party on Albania's lone path

OUR OWN CORRESPONDENT

VIENNA, Nov. 8.

ALBANIAN Party Congress ended on Sunday in Tirana with the re-election of Mr. Enver Hoxha, 67, as first secretary, and with the confirmation of the party's radical political line. The party leader and Prime Minister, Mr. Mehmet Shehu, rejected the latest Soviet feelers towards the normalisation of relations and described right-wing revisionism as the main danger for Albania.

Although the new Chinese party leader, Mr. Hua Kuo-feng sent a congratulatory telegram and, although Mr. Hoxha reaffirmed solidarity and friendship with Peking, observers detected in his speech a distinct cooling of bilateral relations. All speakers pledged loyalty to the ageing party leader, who publicly condoned the purge of "anti-party, revisionist and treacherous elements," including a former Minister of Defence and two former members of the politburo.

The congress unanimously approved the course of self-reliance and industrialisation in economic policy, and an intransigent foreign policy with regard to the "imperialist west" and "revisionist" eastern Europe.

Reuter adds from Peking: China's new leaders have assured Albania that they will not neglect the tiny Balkan state that was once Peking's only ally in Europe. The Communist Party newspaper People's Daily to-day splashed a message to Albania declaring that, under newly-appointed Chairman Hua Kuo-feng, China would continue to give the country "mutual support, fight shoulder-to-shoulder and advance hand-in-hand with you."

Diplomats said the message, and the press coverage it received, appeared designed to soothe Albania's concern that the emergence of a more moderate leadership here could lead to severe pruning of Chinese aid. The anti-Soviet Government in Tirana is heavily dependent on Peking's assistance, which is believed to have been reduced over the past year.

Last week the Albanian Premier told his party's congress that China would go on providing aid, but that the country would have to rely mainly on its own efforts.

EEC-Iceland fish talks due on Friday

By Jon H. Magnusson

REYKJAVIK, Nov. 8.

INFORMAL fishing talks between the Icelandic Government and the EEC Commission will start in Reykjavik on Friday. Mr. Finn Olav Gundelach, a member of the Commission, will meet Mr. Einar Agustsson, Foreign Minister, and Mr. Matthias Bjarnason, Fisheries Minister, both of whom negotiated the interim fishing agreement with Mr. Anthony Crosland, the U.K. Foreign Minister, in Oslo this summer.

It is believed here that Mr. Gundelach will also have private talks in Reykjavik with Mr. Geir Hallgrimsson, the Icelandic Prime Minister.

Mr. Gunderlach is expected to ask the Government to enter into formal talks with the EEC. Formal negotiation could start shortly thereafter in Brussels or Reykjavik.

● The huge Norwegian industrial concern Norsk Hydro has shown great interest in constructing a 100,000 ton aluminium plant close to the industrial town of Akureyri on the Icelandic north coast. This would be a joint Icelandic-Norwegian project

Economic meetings start in Italy

ROME, Nov. 8.

THE ITALIAN Government's latest package of proposals to counter the country's deepening economic crisis will not be opposed by the powerful Communist Party when presented in Parliament this week, it was indicated to-day.

After meeting Premier Sig. Giulio Andreotti, to-day for nearly three hours, Communist Party economic expert, Sig. Giorgio Napolitano, when asked how his party would vote, said: "We have no reason to foresee any alteration in the present political picture."

Sig. Andreotti's minority Christian Democrat Government controls 263 seats in the 630-seat parliament, and the Communists 228. The Government, one of the most fragile in Italy's post-war history, relies on abstentions of the Communists to survive.

Sig. Napolitano told reporters after their meeting that his party had raised a number of questions with Sig. Andreotti, and had repeated their demands for a tough austerity plan which would not hit the lowest income groups unfairly. To-day's meeting, at which Sig. Andreotti outlined his latest economic package, was the first of a series with the leaders of all the parties which give his administration tacit support. After a later meeting, Socialist Party leader, Sig. Bettino Craxi, said his party also had no intention of "creating difficulties" for Sig. Andreotti during the two-day debate on the economic crisis, starting on Wednesday. Reuter

Reuter adds from Rome: A Government Cabinet meeting approved a Bill setting up a 3.2 trillion lire fund to grant subsidised credit for industrial development, simplifying existing mechanisms for credit of this sort. Just over two trillion lire will be set aside for industrial development in southern Italy, to be made available between now and 1993. The remainder will be destined for other parts of Italy, within a shorter time limit, up to 1988.

DIRECT ELECTIONS TO EUROPEAN PARLIAMENT

French opposition mounts

BY ROBERT MAUTHNER, IN PARIS

THE ELECTION of the European Parliament by universal suffrage is threatening to blow up into a major row in France at a time when President Giscard d'Estaing, already beset by a host of political and economic difficulties, can least afford it.

Given the extreme sensitivity of the issue, the President has decided that, instead of immediately submitting last September's agreement by the Common Market's Council of Ministers on direct elections to the national Parliament for ratification, the French Constitutional Council should first express its opinion on whether the project is compatible with the French constitution. In adopting this procedure, M. Giscard d'Estaing is trying to defuse the fierce opposition that direct elections to the European Parliament has provoked not only from Gaullists but also from the Communist Party, both of which consider that the sacrosanct principle of national sovereignty is at stake.

However, now that the lid has been taken off this particular Pandora's Box all kinds of havoc can be wrought and the whole French domestic political situation could be transformed in the run-up to the crucial general election in early 1978. For the problem of direct European elections divides not only the Gaullists and the other coalition parties but the Socialist and Communist opposition, with the Socialists at least in principle in favour of the measure.

No one doubts that President Giscard is personally committed to promoting European unity. But he has certainly calculated that a full airing of the direct elections issue could bring him an additional bonus in the form of a divided opposition at a time when the public opinion polls are forecasting a victory for the Left at the 1978 elections.

If the Constitutional Council gives a ruling that direct European elections are not contrary to the French constitution, the strict application of which is its special responsibility, the project will be submitted to the National Assembly and the Senate for ratification during their spring session in 1977. More serious though would be a ruling by the Constitutional Council in a month's time that the election of the European Parliament by universal suffrage is contrary to the provisions of the constitution, though such a decision would by no means bury the whole issue.

Article 54 of the French constitution clearly states that if an international agreement is found to be contrary to the constitution, ratification can only take place after a revision of the relevant constitutional articles. President Giscard has already made it known that he is determined to go ahead with such a revision procedure if necessary, either by calling a congress of both houses of Parliament at Versailles or by organising a national referendum on the subject.

That is where things stand at the moment and it would be foolish to hazard a guess at this point on which way the Constitutional Council's ruling will go. It is, however, relevant to recall that when the Council was asked in 1970 by the late President Pompidou for its views on the compatability with the French constitution of the European Parliament's increased powers over the EEC Budget, it gave an affirmative ruling and the agreement was subsequently ratified by Parliament by an overwhelming majority. Against this must be set the fact that the President of the Constitutional Council, M. Roger Frey, is one of the most orthodox of all the Gaullist "barons" and the weight of his opinions will be considerable in the Council's deliberations.

What is certain is that the full power of orthodox Gaullist guns will now be used to sink the project, even if it is declared constitutionally clean. M. Michel Debre, the former Gaullist Prime Minister and self-appointed guardian of his party's doctrine and policies, has already announced that he will set up a special committee before the end of the year to ensure that France's independence and unity is not undermined. He has also declared that the French Constitution of 1958 specifically lays down the circumstances in which recourse can be had to universal suffrage and that these are confined to presidential, national parliamentary and local assembly elections. Any other case requires a revision of the Constitution.

Not content with this purely legal, if controversial, interpretation of the Constitution, M. Debre has stated that General de Gaulle never intended to apply *Article 138 of the Treaty of Rome*, which provides for direct elections to the European Parliament. The General's reasons were that it dealt with an issue outside the competence of the Common Market and that it undermined the principle of national sovereignty. M. Debre, it is true, does not have the ear of the entire Gaullist party, but the opinions of the late grand master and founder never fail to strike a sympathetic chord in its ranks. Much will now depend on what stand the new Gaullist saviour, M. Jacques Chirac, who resigned as Prime Minister in August after an acrimonious dispute with President Giscard, will take. If he comes out against direct European elections, France will be thrown into one of the most bitter political battles for many years. And, for once, a really important issue will be at stake.

Gierek to meet Brezhnev for trade talk

BY CHRISTOPHER BOBINSKI

WARSAW, Nov. 8.

POLISH PARTY First Secretary Mr. Edward Gierek and Premier Mr. Piotr Jaroszewicz left here to-day at the head of a 10-member party and state delegation on a visit to the Soviet Union.

Preparing the ground for the visit, commentators here have been concerned to stress how dependent the development of the Polish economy has been on the Soviet Union and in an interview Polish Foreign Trade Minister Mr. Jerzy Olszewski said that "mutual trade between the two countires covers articles of basic importance for the functioning and development of the Polish economy."

Referring to Poland's present economic difficulties, the Soviet Ambassador, Mr. S. Pilotowicz, speaking in Warsaw at the weekend, put them down to the "dialectics of development."

This understanding tone contrasts sharply with brusqueness of the communique following the Gierek/Brezhnev meeting last June some days after proposed price increases had threatened to throw Poland into disorder.

It would indicate that some economic relief from the Soviet Union will result from the visit. On the other hand, it is commonly assumed by observers that the Polish authorities' margin of internal manoeuvre will not increase in the future.

Borg Olivier keeps leadership

VALLETTA, Nov. 8.

DR. GEORGE Borg Olivier was confirmed leader of the Maltese opposition Nationalist Party yesterday, following a compromise in which the party's parliamentary group unanimously agreed to leave him free to decide when to step down.

This formula, which may have defused a long power struggle, was hammered out by the party's 31 MPs in a bid to ward off a showdown among 500 Party General Council delegates

AMERICAN NEWS

Northrop ponders Iranian offer to fund jet fighter

BY DAVID BELL WASHINGTON, Nov. 8.

A MAJOR American defence contractor is considering a partnership agreement with Iran under which that country would help develop a new land-based version of the F-18 fighter currently under development for the U.S. Navy.

Under the proposed deal Northrop Corporation would rely on some $250m. of Iranian money to help defray the cost of converting the aircraft to land use and would then sell the Iranians about 250 of the jet fighters at a cost of about $4bn. Such a deal would help keep down the unit costs of the U.S. Navy's F-18. would sharply reduce Northrop's costs and please the Iranians.

But so far the deal has not specifically been approved by the Defence Department and it may well run into some trouble with the Carter administration. President-elect Carter has already been very critical of the level of U.S. arms sales overseas, particularly to Iran, on the grounds that a number of Middle East nations are now too dependent on the U.S. for arms which restricts American room for manoeuvre in the area.

The Defence Department said to-day that it has not yet decided whether to support Northrop's approach to the Iranians. but the New York Times reported this morning that the U.S. Navy has been discreetly pushing the proposal in the past few months and that Northrop has assured the Pentagon that the 800 F-18s now on order for the Navy would not be delayed if work was to start on a land-based version. For its part the Pentagon is not interested in a land version of the F-18 which is not dissimilar from the F-16 now being built by General Dynamics for the U.S. Air Force.

Privately, Defence Department sources concede that they do not quite know if the Shah of Iran wants to purchase the F-18 in a land-based version since he has already ordered some 160 F-16s at a cost of nearly $4bn. It appears that he may envision the F-16 as a high-flying combat aircraft while the F-18 operates in a dual fighter-bomber role.

Iran would probably be prepared to contribute the initial development money to redesign the F-18 for land use. but whether Congress would be prepared to accept this is another matter. Earlier this year a Senate report sharply critised increasing U.S. arms sales to Iran and warned that there was a danger that the American armaments industry might become too dependent on the Iranians.

New tax moves on Arab boycott

WASHINGTON, Nov. 8.

THE U.S. Treasury has issued "guidelines" which show companies participating in the Arab boycott of Israel when they will lose certain foreign tax concessions under a new tax law.

The guidelines, which run to 90 pages in typed form, will be published soon in the Federal Register, the Treasury said.

The guidelines are in the form of questions and answers on typical hypothetical boycott situations.

Under the new law, companies that take part in the boycott lose part of three tax benefits: the foreign tax credit, the tax deferral on overseas earnings and the domestic international sales corporation. or Disc, benefit for exports. The law took effect last Wednesday, and the regulations generally cover agreements to take part in the boycott made after Wednesday and those made on or before Wednesday that continue after Wednesday.

AP-DJ

Court parries abortion issue

By Jurek Martin, U.S. Editor

WASHINGTON, Nov. 8.

THE U.S. Supreme Court this morning declined to be drawn into the controversial subject of Federal payments for abortion operations.

What the court actually did was to refuse to overrule a lower court verdict which found unconstitutional an Act of Congress passed just before the elections that would have prohibited the Government from using Medicaid money. The Supreme Court did, however, say that litigants could take the matter to a Federal appeals court.

There is an aptness to the court's decision, since in Washington to-day the National Conference of Catholic Bishops is beginning a four-day convention.

The bishops were assiduously wooed by both candidates in the Presidential election, especially by Mr. Ford, whose views, they thought, were more in sympathy with their position than Mr. Carter's.

Mr. Carter had said that though he personally opposed abortion he would not support a constitutional amendment to ban it. Mr. Ford said that he thought the individual States should have the right to make up their own minds on the subject.

The bishops, of course, are on record as favouring a constitutional amendment and though they protested their political impartiality in the election, the Republicans made much of what they tried to portray as an implicit endorsement of President Ford's stand.

In the event, it would appear that this highly emotional issue was but a small factor in determining the Presidential contest. Mr. Carter took about 57 per cent. of the Catholic vote, which is low for a Democratic candidate. In the past, Democrats have been able to bank on 60 per cent. or more

UAW sets GM November 18 strike deadline

BY STEWART FLEMING NEW YORK, Nov. 8.

WITH CONTRACTS agreed at two of the big three car manufacturers — Ford and Chrysler — the United Auto Workers (UAW) announced to-day that they would strike against General Motors if a settlement is not concluded by midnight November 18.

The UAW reached a settlement for a new three-year contract with Ford early in October. The pattern established with Ford, which included wage and benefit increases of about 35 per cent. over the life of the agreement, was followed on Friday at Chrysler. There an agreement was announced minutes before the 6 p.m. deadline.

General Motors, the biggest of the car manufacturers, should be the final hurdle for the UAW. whose strategy has been to isolate the company by settling first with its competitors.

Senior UAW officials said to-day that they saw no reason why a settlement cannot be worked out without a strike, a view they have expressed before each set of talks, but which proved too optimistic at Ford where a five week strike was called.

It has been recognised in the motor industry that the negotiations between the UAW and General Motors could still prove difficult even though the other car manufacturers have settled. Throughout the year GM has taken a hard line on issues such as health care costs which will come up at the talks.

To-day UAW vice-president Mr. Irving Bluestone, who heads the GM bargaining unit, said that the company had yet to say that it will accept the basic economic pattern for wage increases, established by the Ford agreement.

U.S production rise quickens, survey shows

NEW YORK, Nov. 8.

THE RATE of increase in U.S. production improved in October for the first time since April, the National Association of Purchasing Management said.

According to its monthly survery, 28 per cent. of agents responding said that production was better in October, up from 22 per cent. in September, while 27 per cent. said that new orders were improving, the same percentage as in September.

The rate of rise in new orders had been dropping since April and the fact that it held steady last month gives some small cause for hope, the survey said.

Overall, however, the agents said business "continues to plod along at the sluggish pace of the last two months."

Inventories dipped in October for the second straight month, the purchasing agents said, with 26 per cent., the highest since January, reporting lower stocks compared with 22 per cent. in September.

The 15 per cent. reporting higher inventories is the smallest of the year, the survey noted.

"Conservative buying policies continue in vogue," the report said, as a further shift to 30-day and "even hand-to-mouth" order placement and away from 60 and 90-day orders occurred.

Reuter

Mexico is undergoing its most serious crisis of confidence since the student riots in 1968

The final days of President Luis Echeverri

BY ALAN RIDING, MEXICO CORRESPONDENT

Sr. Luis Echeverria

PRESIDENT Luis Echeverria of Mexico has launched a fierce offensive against "counter-revolutionaries", and "self-interested minorities," during his final weeks in office, instead of quietly preparing for his political retirement.

But the conservative private sector no longer seems to be intimidated by him and has launched its own offensive to move the country to the right during the next administration. The resulting clash has produced the most serious crisis of confidence that Mexico has known since the 1968 student movement: not only has it resulted in two large devaluations of the peso within two months, it has also raised the question whether the next Government can re-build the coalition of political forces that has given the country almost 50 years of basic stability.

President-elect Jose Lopez Portillo has contributed to the mood of uncertainty. Rather than risk a clash with Sr. Echeverria by intervening to defuse the crisis, he has remained in his office in the suburb of Coyoacan, rarely appearing in public and saying nothing of substance. Less than a month before becoming President, Sr. Lopez Portillo remains an unknown quantity. He is the indirect beneficiary of the widespread unpopularity of the outgoing president, but his own intentions for the country remain a mystery.

Domestic

The sharp deterioration of the domestic situation during the past five months has abruptly reduced his options. Instead of slowly ceding political power to his successor, for example, Sr. Echeverria has shown every intention of continuing to govern Mexico. Instead of trying to patch up relations with the regime's enemies in order to hand over an essentially united country, he has continued to pick new quarrels with conservatives at home and with the U.S. abroad.

Even his seemingly generous gesture of devaluing the peso on August 31 in order to spare Sr. Lopez Portillo the need to have to do so himself a few months later failed to restore economic confidence because it was accompanied by large wage increases, confused monetary policies, and political agitation. As a result, money continued to leave the country.

Despite the collapse of the peso, which is now floating and has been effectively devalued by over 50 per cent. in two months —the economic problems alone are not insoluble. The International Monetary Fund, the U.S. Treasury and commercial banks have all shown themselves willing to lend money to get Mexico out of the crisis. Sr. Lopez Portillo himself has indicated privately that two years of austerity, particularly in government spending, will be needed to place the economy back on an even keel. New oil discoveries should soon be reflected in increased petroleum sales abroad and improved payments figures.

But the economy cannot be looked at in isolation. In order to revive economic activity and both international and domestic confidence, Sr. Lopez Portillo must make peace with the private sector. More than revoking any specific measures adopted by the Echeverria administration, however, he must establish a dialogue with bankers and industrialists and abandon the anti-business rhetoric that has pervaded official pronouncements during the past six years. The emphasis of economic policy must evidently go from decreeing wage increases to encouraging private investment. Not to do so, above all during a period in which Government spending is being held back, will bring a deeper economic slump, higher inflation, widespread new unemployment, and consequent political unrest.

Yet such policies will also bring serious political problems. The incoming President is still without a political base of his own. Sr. Echeverria has in effect lent Sr. Lopez Portillo his political power. In order to get away with controlling wages and reducing Government expenditure in the countryside, the new President will have to lean on Sr. Echeverria and his followers who still control the principal labour and peasant organisations. There is no indication that Sr. Echeverria is willing to support such a swing to the right.

Throughout his presidency, Sr. Echeverria has sought to evoke the memory of the late General Lazaro Cardenas, who as President in the late 1930s nationalised the oil industry, accelerated the agrarian reform, and welcomed thousands of Spanish republican exiles. As he leaves office, Sr. Echeverria reportedly would again like to emulate the general by b the leader of a left-wing group, a role that Cardenas played until h in 1969.

Political analysts here that this belief is supp the events of the p months. Not only Echeverria assumed be scenes control of the newspaper chain in Me Mexican Editorial Org with 39 dailies, but he sponsored a con manoeuvre that forced t paper Excelsior to aba independent editorial Even more significant, paign against conservat had the effect of p political positions at ma of society. Those who h cised his offensive have strengthened his convic there is a plot to insta fascist Government.

Aura

Once in office, Sr Portillo will inherit t and instruments of po surround each Mexica dent. In the short run therefore get away with the outgoing Administr the dire economic situa quickly purge Sr. Ech followers from key po serious political co would inevitably follow

In search of a base, Portillo would be for the waiting arms of the tive private sector. An of worker and peasan could then be expected response, the Presiden have to rely increasingl army in order to Government control. In that for 50 years h spared the Latin Amer pensity for military r prospect is hardly appe

Many of the wild rum have been circulating recent weeks, including an imminent military c though it is common k that the Mexican Arn tirely unprepared for eventuality), are merel matic of the pessimis gripping the country. the nervousness is als during periods of tra power. But what has m mined confidence is th the tumbling peso.

If after 22 years of stability, the country's structure can be seen vulnerable, Mexicans a themselves just how re the buttresses suppor monolithic facade of stability?

Mayors meet to draw up urban priorities blueprint

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Nov. 8.

MORE THAN 100 mayors of America's major cities were meeting in Chicago to-day to draw up a blueprint of urban priorities to be presented to the incoming Carter administration.

Generally, the mayors are pleased with Mr. Carter's victory, many of them, such as Mr. Beame from New York, Mr. Bradley of Los Angeles, Mr. Flaherty of Pittsburgh, Mr. Rizzo of Philadelphia and Mr. Daley of Chicago, were among his more notable supporters and some of them played critical roles in his victory.

However, their backing was more a reflection of the fact that a Democratic administration was always likely to be more sympathetic to their cause than a Republican one: it did not reflect any specific promises or programmes that Mr. Carter had pledged to the cities, because he never made any.

Mr. Carter has sent Mr. Howard Samuels, a prominent New York Democratic politician, to Chicago to attend the meeting and he has been very careful not to raise too many hopes.

Before Mr. Carter endorses any urban programmes, Mr. Samuels said, "He's got to know how much a programme will cost, how it's going to be run and how it's going to be audited." Mr. Carter would not "simply throw money" into the city's coffers, he added.

Nonetheless, Mayor Beame has already talked to Mr. Carter about New York's needs and claims to have received a satisfactory response: this prompted a nice little rally on Friday into the bond issues of the New York Municipal Assistance Corporation.

It is also possible that Mr. Carter will reach into the mayoral ranks for a senior Government appointment. One obvious candidate for such a post would be Mr. Thomas Bradley of Los Angeles, not merely because of his abilities, which are considerable, but also because he happens to be black.

According to Mr. Kenneth Gibson, the black Mayor of Newark, New Jersey, "We're not talking about what the mayors want, we're talking about what the people need."

Mr. Gibson, another who could well be on Mr. Carter's appointments shortlist, called for increased federal aid to alleviate inner-city unemployment and more assistance for transport, housing and health.

The cities would also look favourably on any proposal for a federal takeover of welfare funding, which currently represents a severe drain on their local budgets.

U.S.-Japan clash on fish

TOKYO, Nov. 8.

JAPANESE AND U.S. negotiators disagreed sharply as formal talks began to-day on a new bilateral fishery agreement that encompasses the 200-mile offshore fishing limit declared by the U.S.

A law, which goes into effect next March, restricts fishing by foreign boats inside a 200-mile-wide zone off U.S. shores. Japan launched a vigorous campaign against the move, because much of the Japanese diet depends on fish caught in the north-east Pacific covered by the 200-mile limit.

Mr. Shinichiro Asao, councillor of the Foreign Ministry's U.S. Bureau, said Japan refuses to recognise the law which he said was unilateral. He called for a realistic settlement of the negotiations and said any drastic cutback in Japanese fishing in the area would severely affect the Japanese economy.

Assistant Secretary of State and head of the U.S. delegation, Rozanne Ridgway, however, rejected the Japanese position, saying negotiations should be conducted on the basis of the new law, regardless of past Japanese fishery catches in the new zone.

The negotiations here are scheduled to last a week. The current fishery agreement between the two nations expires at the end of this year.

● Government measures to get Peru's giant anchovy fishing industry back into production after major disruption by a fishermen's walkout are said to be partially successful but Peru's economy may suffer the effects for months.

Officials of Perca-Peru, the state anchovy fishing company, says that roughly a quarter of Peru's 831-boat fleet is back at sea catching the anchovy.

AP-DJ

December election in Grenada

The Grenada Governm called general elect December 7, the first island gained full inde from Britain in 1974 in of a state of emergen Tony Cozier.

The Prime Minister, Gairy, leads the ruling United Labour Party w 13 of the 15 seats in election. Since then, two of his members signed from the party sit in the House of Re tives as independents.

The main oppositio Gairy will come from tion between the National Party and th People's Party, led by Premier, Mr. Herbert B the left-wing New Jew ment. The New Jew ment, under an in leadership, has prese Gairy's Government with vocal opposition but is the polls for the fi Most observers believe will be returned to although the oppositior have already emphas possibility of election ri the Government.

Bahamas 'flag of convenience' mo

Legislation that would Bahamas the newest convenience" nation approved by Parliamen Nicki Kelly in Nassau. Merchant Shipping A limits registration to v years-old or less, requ British standards be met the American Bureau of and their equivalents in West Germany, Norw Japan have been appo survey all applicatio Government expects th registration will beco nation's third most industry after tourism a ing.

Simethicone disp

The Supreme Court has to get involved in an and patent dispute betw America Incorporated and Products over simethicon duct used to treat intest AP-DJ reports from Was

Canadian tourism

Although the Olympic G Montreal were expected duce a boom for Canada industry this year, the of visitors to Canada is trailing last year's pace 7 per cent., AP-DJ repo Montreal.

OVERSEAS NEWS

Fierce fighting reported in southern Angola

OSHAKATI, Namibia, Nov. 8.

E FIGHTING involving and warplanes was d in southern Angola with thousands of black s streaming across the into Namibia (South frica).

gees were quoted as say- t Government troops had d an all-out offensive forces of the rebel for the Total Indepen- of Angola (Unita). ps of the ruling Popular ent for the Liberation of (MPLA) were combining uban forces and guerillas South West Africa s Organisation (Swapo) attack on Unita strong- according to the refugees. was one of the nation- orces defeated by the and Soviet-backed MPLA this year in Angola's civil war.

uth African Government here said the refugees is that aircraft, tanks and guns are being used them and the fighting is n in the towns and in the

official said that about efugees had crossed the border from Angola in the past few days, bringing to 8,000 the number fleeing from their home- land this year. The number of

casualties was thought to be high.

In Oshikango, a few miles south of the Angolan border, South African troops were reported to have seen Cuban forces taking over small towns and villages. Firing could be heard from the war zone.

The reported offensive began as Angola prepared for celebra- tions on Thursday to mark the first anniversary of its indepen- dence from Portugal.

Unita, led by Dr. Jonas Savimbi, has recently stepped up its hit-and-run guerilla campaign in southern Angola where, according to observers, it enjoys considerable popular support.

Dr. Savimbi, an experienced bush fighter, led his nationalist movement in the Angolan forests for more than seven years against the Portuguese colonial regime. After Unita's defeat in the civil war, he and his commanders ex- pressed confidence that they could wage a similar guerilla war against the MPLA and its Cuban allies. Reuter.

Our Luanda correspondent writes: The Angolan Government to-day denied reports of fighting between Unita and "MPLA-Cuba-Swapo combined forces" but claimed South African forces have been shelling southern Angola over the past few days "in the hope of hitting Swapo guerilla camps."

Afrikaaner doubts on blacks

DUR OWN CORRESPONDENT

JOHANNESBURG, Nov. 8.

HER influential white alist, Dr. Willem de Editor of Die Transvaler unch Government sup-) has added his voice to ll for greater political ration between black and in South Africa. Speaking private gathering of can businessmen in nesburg he is reported to have pressed for r emphasis on common sts, interdependence and ration. On the political this means there would to be "joint respon- y" for "matters of con- he said. This did not an integrated parliament ather "multiracial con- ve structures which take ons by consensus."

r the week-end, the editor of Die Burger, Mr. Piet Cillie, called for a "common constitutional structure" for whites and those blacks "who have no authentic prospects of full citizenship in their own states."

Mr. John Vorster, the Prime Minister, in a week-end inter- view with CBS television, repeated that blacks' rights must be limited for all time to the Bantustans, which com- prise only 13 per cent. of South Africa. Clearly, not all National Party supporters are thinking alike.

The conflict inside Afrikaanerdom is all the more relevant because of the cabinet investigating com- mittee now trying to find ways of modifying the constitution to make it more suited, in the government's view, to the com- plexities of South Africa's racial make-up.

One widely discussed idea is to have an executive head- of-state presiding over an "umbrella" cabinet drawn from members of the White Cape Town parliament, the Indian Council, the Coloured (half-caste) Council, the still- to-be-formed African muni- cipal councils and the non- independent Bantustans, with decisions being taken on the basis of consensus. Details are few, however (how, for instance, would the executive head-of-state be elected?) and until something firmer emerges from the cabinet's investigating committee (chaired by the Minister of Defence, Mr. P. W. Botha), the opposition remains sceptical.

Australian exports lowest since May

KENNETH RANDALL

CANBERRA, Nov. 8.

ALIAN EXPORTS last at $A983m. (about were the lowest since ccording to the official s issued to-day. But the account continued in to the extent of $A141m. er imports, at $A762m. £609m.) were in line with nd of recent months in alue but, with seasonal ent, were 8.3 per cent. than those for September. , on the same basis, were 0.2 per cent., which is the t monthly change in the o years.

Australian trade surplus first four months of the l year now totals $A693m. £554m.). It was $A467m. £373m.) at the same stage year but the figures are ictly comparable because intervenining changeover Brussels system of valua- imports.

latest results give timely point to the appointment to-day of the Australian Government's first Minister for Productivity, Mr. Ian Macphee, a Victorian Liberal Party MP elected to Parliament only in 1974. Mr. Macphee was previously director of the Victorian Chamber of Manufactures.

Announcing the formation of the new Department yesterday, the Prime Minister, Mr. Malcolm Fraser, said it would seek to benefit industry in two main ways: by reducing costs on the domestic scene and by assisting Australia's competitive position overseas.

The new Department will draw under its aegis sections of the existing Departments of Employ- ment and Industrial Relations, Industry and Commerce, and Business and Consumer Affairs, plus the materials handling branch of the Bureau of Trans- port Economics. It will also work closely with the Commonwealth Scientific and Industrial Re- search Organisation and the Defence Science Laboratories.

Industry and Commerce Minister, Senator Robert Cotton, said many Australian manufac- turers, under the cost pressures of the past two years, had sought to maintain profit levels through higher prices.

The biggest of the cost pres- sures on manufacturing, he said, was wages. Hourly earnings in manufacturing rose by almost 35 per cent. in 1974 compared with the OECD average of 15 per cent. "I think there can be few Australians who do not realise that the Australian worker is in danger of pricing himself out of a job."

AP-DJ adds: New capital expenditure by private business in Australia in the six months to December is expected to rise only 3 per cent. compared with a 7 per cent. rise in the June half year.

Marcos sacks 327 military

MANILA, Nov. 8.

DENT Marcos to-day the sacking of 327 personnel in one of the mass dismissals in the Forces since martial law claimed four years ago. vernment announcement he order to Defence ry Juan Ponce Enrile to 19 officers and 308 men for misconduct the number of military el weeded out since law to 1,604.

most common offences, g to the communiqué, mistreatment of political es and firing weapons under the influence of

ON OTHER PAGES

Syrians start 'peace' role

BEIRUT, Nov. 8.

SYRIAN TROOPS, their trucks roughly smeared with Arab League white paint, have begun their new peacekeeping role in Lebanon.

About 10 men were deployed under cover of darkness in Left-held territory in the moun- tains east of Beirut. Their officers said to-day they were ready to fight either side to stamp out violations of the 19- day-old ceasefire in the civil war.

The peacekeeping force is eventually supposed to number 30,000 men and include contin- gents from a number of Arab countries, but the Syrian Army, which was fighting on the Right- wing Christian side less than a month ago, is expected to form the backbone of the force.

The Syrian soldiers in the first deployment crossed the battle lines just east of Left-held Aley during the night. Guided by Palestinian commandos, they moved through Aley and took up positions on the slopes below the town, overlooking the main Beirut-Damascus highway at a point where Left-wing and Right- wing gunmen face each other about 200 yards apart.

In Beirut, heavy artillery shells slammed into residential areas. The shelling was rela- tively light, after a week in which truce violations in Beirut had mounted steadily.

Arab League secretary-general Mahmoud Riad arrived in the city, meanwhile, for talks with President Elias Sarkis and other Lebanese leaders. The Presi- dent appealed last night for an and to the fighting.

Deployment of the Arab League force has been a week behind the schedule approved as part of an Arab peace plan at summit meetings in Riyadh and Cairo last month. There was no official word when the first peace force moves would be followed up with a major deployment of forces, or when the peacekeepers would move into Right-held areas.

Reuter

Labour unrest in Israel

BY OUR OWN CORRESPONDENT

TEL AVIV, Nov. 8.

THE ISRAELI Government struggled to-day to preserve some semblance of its austerity wages policy as more than 100,000 public sector workers either struck, staged go-slow actions or threatened walkouts.

Finance Minister Yehoshua Rabinowitz warned that the eco- nomy "stands on the brink of the abyss" unless the Govern- ment could regain the support of the usually submissive Histadrut, the national trades union federation in holding back the rising swell of wage and benefit demands.

A ministerial committee spent the night considering the reversal of an earlier decision to grant civil aviation workers special allowances in advance of bn promisd for th futur. ee— an incentive pay bonus they had been promised for the future.

The precedent has set loose a flood of parity demands by Tax Department workers and other civil servants.

The Labour Minister, Mr. Baram, issued compulsory back- to-work orders against several dozen engineers in vital posts, and gave tacit warning of further resort to the Government's emer- gency powers.

Meanwhile, Prime Minister Yitzhak Rabin has indicated that Israel is not yet prepared to sign the nuclear non-proliferation treaty although it will not be the first state in the Middle East to introduce atomic weapons.

UPI reports from Nairobi: Israel to-day won a key victory to end its "second-class status" in Unesco despite continuing opposition from the Soviet Union and Arab states.

Unesco's general conference agreed that only European nations should vote on Israel's application to join the organisa- tion's European region. This device will virtually assure Israel's acceptance.

THE CONFERENCE ON NAMIBIA

Turning point at the Turnhalle

BY JOHN STEWART

REPORTS of heavy fighting in Southern Angola appear to reflect internal problems in that country although Swapo, the Namibian guerilla group, may also be involved. This has cast a cloud of uncertainty on the South African-sponsored consti- tutional conference on Namibia (South West Africa) which recon- venes to-day. Even before the reports of the fighting and of thousands of black refugees flee- ing across the border into Namibia, the unity of the con- ference was expected to be severely tested when the 156 delegates reassembled in Wind- hoek to finalise proposals for the early establishment of a provi- sional government for the terri- tory.

The constitutional model adopted for the interim Govern- ment will closely resemble the independence constitution upon which it will be based. When the constitutional committee adjourned on October 22 it said top priority would be given to the establishment of a provisional Government in the new year. The leader of the white delegation, Mr. A. H. du Plessis, who heads the Namibian equivalent of South Africa's ruling National Party, said that testing the acceptability of the provisional and independence constitutions adopted during the final session of the conference in 1976 would be left to the 12 ethnic groups represented at the conference.

He intimated that the white group would probably hold a referendum early in the new year. If all groups endorsed the constitutional proposals adopted by the conference in the Wind- hoek Turnhalle the South African Government would pre- pare the necessary legislation to give them legal sanction. De- partments of State currently administered from Pretoria would be transferred to Wind- hoek—with the exceptions of police, defence and foreign affairs.

Mr. du Plessis' announcement was received with excitement in the South African and Namibian Press, but most observers overlooked important facts which could harm the credibility and influence of the conference. In the minds of most black and white Namibian tradi- tional elitist groups it has de- veloped into a loosely-knit political force, the strength of which not even Swapo, the in- dependence movement, under- estimates. Swapo is not repre- sented in the Turnhalle.

Most observers overlook three factors: the lingering feelings of suspicion, insult and hurt among black delegates who cannot come to terms with the depth of the racial prejudice betrayed by a white member of the constitu- tional committee, Mr. Eban van Zyl, in a crass racial slur cast on a black colleague a few days before the adjournment on October 22; the determination of black Namibians at the con- ference not to allow themselves to be herded into a constitutional agreement providing for maxi- mum decentralisation of (ethnic) power; and the position of Swapo, the internationally- recognised South-West Africa People's Organisation, whose presence and influence hang for- biddingly over proceedings at the Turnhalle.

The van Zyl incident will not wreck Turnhalle (the insulted black parties have accepted his somewhat hedged apology). But as it may have been a tacit con- dition for the continued parti- cipation of the Damara, coloured, and Tswana delegations in the conference, a non-specific com- mitment may well have been given by the chairman of the constitutional committee, Mr. Dirk Mudge, a respected Afrikaaner nationalist, to work van Zyl into a position of secondary influence.

But Turnhalle's sternest test will come when the constitu- tional committee puts its proposals to the test in plenary session on November 9. The committee agrees broadly on a three-tier system of local, regional and national authority in a unitary state. Although details have yet to be finalised, it appears that the first and second levels of government will be elective, with the regional (ethnic) authorities, of which there will be 11, appointing rep- resentatives to the National (federal) Assembly.

In agreeing to this outline, the 11 delegations implicitly acknow- ledge a substantial degree of ethnic autonomy in the Namibian make-up. But the extent to which the white delega- tion sought to decentralise power into the regional or second level of government aroused opposi- tion from most black delegations at the committee stage.

> **If the conference breaks down, an alternative force will have to negotiate with Swapo. That power will have to be Mr. Vorster. However, if he persists with his refusal to talk to Swapo, the war across the Angolan and Zambian frontiers will intensify.**

Having agreed that the regional authorities will exercise power in the geographical areas traditionally ascribed to the various ethnic groups — which, not surprisingly, coincide with the areas envisaged for the "national groups" under the South African Government's former "homelands" policy — the black delegations had clearly hoped that the powers of regional assemblies would be confined to education, roads, health, tourism and so on, and that decision-making on policy affecting the national economy, the division of wealth and its equitable redistribution would be entrusted to the National Assembly.

The white delegation opposes the idea on the grounds that it is contrary to the spirit of Turn- halle's declaration of intent which includes the phrase "mind- ful of the interdependence of the various population groups and the interests of South West Africa in its entirety to create a form of government which will guarantee to every population group, the greatest possible say in its own and national affairs . . ."

Put in another way, this means that the status quo, in which the white group (and foreign interests) monopolise more than 90 per cent. of established and potential means of production, will be maintained and that the national or federal authority will be no more than a figure- head. Blacks argue that although all forms of discrimination and exclusiveness will disappear in a new constitution, maximum devolution of economic power in the proposed regional assem- blies will greatly slow the re- distribution of wealth since key decisions and opportunities will remain in the hands of whites.

It is not clear to what extent the impasse over the second tier of Government will impede pro- gress to an independence con- stitution, but it would be a mis- take to underestimate the deter- mination of most black delega- tions to resist any impediment to black progress to an equal share of decision-making on the national wealth. Several black delegations have indicated that they will not give ground in their determination to get a con- stitution concentrating maximum power in the national level of Government.

A delay in constitutional pro- gress at this stage would not necessarily benefit the group currently in control in Namibia. With Swapo effectively out of the picture at this stage from choice, the Turnhalle sponsors would like to see a provisional Government grow out of the con- ference as quickly as possible to negotiate with Swapo when the time comes.

Swapo rejects Turnhalle as a representative negotiating body, preferring instead to talk to the South African Government as the de facto "administrative, occupy- ing power." Few Turnhalle dele- gates dismiss Swapo as irrele- vant—many maintain personal contact with Swapo representa- tives. Windhoek observers by no means exclude the possibility that, given favourable conditions, many Turnhalle blacks would join Swapo. (Last week three clans or sub-groupings of the Nama group announced support for Swapo.)

Mr. Daniel Tjongarero, Swapo director of publicity and infor- mation in Windhoek, concedes that Turnhalle has gathered sup- port in the past year, but ques- tions the conference's credibility and good faith: "They have been deliberating for more than a year and in spite of a commitment to eliminate racial discrimination hardly anything has been done to improve the condition of black people. Their resolutions are pure cant."

If the conference breaks down, an alternative force will have to negotiate with Swapo. That power will have to be Mr. Vor- ster, the South African Prime Minister, whose bargaining posi- tion will have declined consider- ably by the time he gets to the conference table. If he persists with his refusal to talk to Swapo, the war across the Angolan and Zambian frontiers will intensify.

It is a war that Mr. Vorster can ill afford.

WORLD TRADE NEWS

Oil and other costs likely to boost air fares steeply

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT — SINGAPORE, Nov. 8.

FURTHER substantial fare increases on the world's airlines will become inevitable if OPEC raises fuel prices in December, Mr. Knut Hammarskjold, Director-General of the International Air Transport Association, told the IATA Annual Meeting.

It is estimated OPEC will increase crude prices between 10 and 15 per cent. "This translates into $250m. to $375m. of additional costs to airlines on scheduled services alone. If it materialises, fare increases would be necessary to cover additional costs. Public and governments should be prepared for this development," Mr. Hammarskjold said.

But fuel is only one item of increased costs likely to put up fares. Charges for en route navigational facilities in Europe are expected to double to $300m. a year from next April. "We face mounting threat of punitive noise charges," said Mr. Hammarskjold. "Another growing burden is security charges An increasing number of States seek to recover from airlines their cost for protection of public and property—a clear government responsibility."

Airlines are also concerned at the growing cost of red tape.

"The burden on public and airlines imposed by government inspection agencies on border crossing by air transport has become intolerable. Initial studies reveal the tip of a cost iceberg conservatively estimated at more than $100m. a year excluding a completely unexplored area of bureaucracy—the cost of meeting government regulatory requirements."

"This state of affairs simply has to change," Mr. Hammarskjold said. "We have the possibility of a new environment. If governments and airlines are to take advantage of it we must strive for common sense pragmatic solutions to our commercial policy conflicts."

He suggested several solutions. First governments must decide whether they still want airlines to try to settle their own problems through such bodies as IATA or whether they want to take over—as many increasingly seem to be doing. "If IATA is to function effectively governments must be prepared to reach compromises on their conflicting philosophies and that includes allowing all airlines to participate in it of their own free will."

Secondly airlines must recognise that the present system of negotiating fares requires adjustment—it must become more flexible, capable of adjusting swiftly to changing economic conditions in different parts of the world. The North Atlantic is a classic example where rigid fares mechanisms have helped create the current problems of heavy losses and over-capacity.

Thirdly, the airlines must be more innovative in product development. Existing concepts of part charters, high density holiday class travel, and at the other end of the spectrum business or regular travel classes of fares could be adapted and expanded to stimulate traffic growth. "If the industry takes this path, governments must be prepared to show equal flexibility. Experiments cannot be conducted in a regulatory straitjacket."

Fourthly airlines must reconsider relationships with intermediaries such as travel agents. Market control is passing out of airlines' hands into those of third parties. If this trend is not reversed airlines will become merely providers of airline seats under the direction of intermediaries, he said.

Japanese to outline Europe trade policy

BY CHARLES SMITH — TOKYO, Nov. 8.

THE Ministry of International Trade and Industry is to issue a statement to-morrow setting out its views on how to deal with the trade frictions which have arisen between Europe and Japan.

The statement will serve as a basis for the consultations to be held next week between Japanese trade officials and the EEC Commission in Brussels. MITI officials, however, made what seemed to be a deliberate effort to defuse expectations that any dramatic solution to the European trade problem is about to be unveiled.

The statement will not propose any new restraints on Japanese exports to Europe though it will imply Japan's willingness to continue with existing "voluntary restraints" in various sectors, including steel. As far as imports are concerned, MITI will apparently be stressing measures to reflate demand inside Japan rather than any artificial "import-boosting" measures.

A MITI spokesman said to-day that it seemed "extremely difficult to find appropriate measures" for stepping-up imports from Europe. He said a decision had not been taken on whether the Minister of International Trade and Industry, Mr. Toshio Komoto, should make a personal appeal to mājojr trading companies to increase their European purchases.

The same MITI spokesman commented this afternoon that the policy statement would basically "contain nothing new" so far as Japan's European trade problems are concerned. This does not necessarily mean that MITI is inactive on the problem.

Detailed discussions will be held next week in Brussels and some concrete proposals could be discussed. What does appear to emerge from MITI's handling of the trade problem is that it sees Japan's difficulties with Europe as just one more piece of evidence supporting its long-held view that Japan should be reinflating its economy more rapidly.

● Mr. Toshiwo Doko, president of the Keidanren, to-day urged the Prime Minister, Mr. Takeo Miki, to act to stimulate business in Japan and expand imports from Western Europe, according to Reuter.

Mr. Doko gave Mr. Miki a list of goods, mentioned by Mr. James Callaghan, including aircraft and machinery, which Britain wanted to export to Japan, Keidanren sources added.

● Japan's exports of electric home appliances including colour television sets will certainly decline without the help of its self-imposed restraints, Mr. Akira Saeko, president of the Sharp Corporation, said to-day. This was because of a slowdown in the consumer needs in the countries Japan sells them to.

FAR EAST TEXTILES

Drawing the threads togethe[r]

BY RHYS DAVID, TEXTILES CORRESPONDENT

MERE mention of the Far East is liable to bring a shudder to most textile manufacturers in Britain, but evidently not Tootal. For the Manchester-based group with sales last year of £257m., mostly in textiles, has come up with a scheme aimed at taking advantage of the competitiveness of industry in the Far East without the compensating disadvantage of adding further to the strain on Britain's balance of payments.

Tootal's plan, unveiled yesterday, involves the setting up of a new company based in Hong Kong which will draw together the company's existing businesses in the area—mainly in thread manufacture. The new company, Tootal Asia, will also be trying to seek for Tootal a bigger share of the trade between countries in the Far East and of their trade with the U.S.

The move is being made, according to Mr. Derek Allen, a director of Tootal, to take advantage of under-utilised assets the company has in its wide range of contacts throughout the world, and its experience in international trading.

For though probably best known for its ties, shirts and fabrics, Tootal is in fact a substantial multi-national company, and with Coats, Patons, its Glasgow rival, one of the two biggest manufacturers of thread in the world.

Through its English Sewing subsidiary, Tootal has thread operations in the United States, Nigeria, South Africa, the Philippines, Canada, Australia and Malaysia, supplying the world's clothing industries and a variety of other industries such as upholstery and car trim.

Much of the company's recent growth in thread has been in South-East Asia, largely as a result of the rapid expansion in the share of world clothing markets enjoyed by the countries in the area. A new plant has recently been built up in Malaysia and a £1.5m. expansion of the company's big Philippines thread factory was announced in September.

"We have a lot of operations throughout the world which have been autonomous, serving the countries in which they have been established. We are now creating an organisation which can add to these activities and link them together," Mr. Allen points out.

The extensive network developed for marketing and sales of thread will now be used as the basis for developing trade in other goods, particularly between the Far East and the U.S. The sysem will depend on Tootal getting to know through contacts made in selling thread in the Far East what goods are available and what ... cesses and ideas ... developed.

At the same time ... agents in the Far East and other markets ... ing to find out wh[at] ... "We have always ... our thread operation[s] at one remove from ... a service to industry ... essentially now devel[oping] role," Mr. Allen ...

Initially the com[pany] ... most of its new ... in textiles and clothing ... element in the ... flow between the ... North America ... clothing items are ... looked for ... such as plastics ... the Far East ... record for innovation.

To run the ... company has picked ... successful ... Bourcier ... and managing director ... sidiary ... Madras, India ... fied company ... cotton textiles and ... marketing a wide ... ducts manufactured ... Europe on the ...

While the trading ... being built up by ... Tootal will be largely ... goods for re-sale ... helping its own thread ... to find markets. The ... whose manufacturing ... in the Far East are ... fined at present ... likely eventually ... manufacturing ... acquisition. Finance ... raised locally so that ... be no drain on ... U.K., the company ... of operations.

According to M[r.] ... is also no question ... using its new ... to replace ... output ...

W. Germany expands exports to M. East

BY GUY HAWTIN — FRANKFURT, Nov. 8.

WEST GERMAN trade with the Middle East, which expanded rapidly last year, continued the trend in the first nine months of 1976. Although the rate of increase has slowed, exports have continued to grow faster than imports, giving the Federal Republic's trade surplus with the area a substantial boost.

The Federal Republic's exports to the Middle East in the first three quarters of the year totalled DM13.69bn. (£3.47bn.)—20 per cent. up on DM11.37bn. in the 1975 period. The figures, released by the West German Near and Middle East Trade Association, cover trade with Afghanistan, Egypt, Bahrain, Iraq, Iran, the Arab Republic of Yemen, the Peoples Republic of Yemen, Jordan, Qatar, Kuwait, the Lebanon, Oman, Pakistan, Saudi Arabia, Syria, Turkey, the United Emirates and Cyprus.

Imports from the area rose by 18 per cent. to DM10.23bn. (£2.6bn.) from DM8.644bn. last year, while W. Germany's trade surplus widened to DM3.46bn. (£877.6m.) from DM2.72bn., an improvement of nearly 27 per cent.

The figures indicate that imports rose mainly because of increased energy demand. Although there were considerable fluctuations in the pattern of oil purchases from the producer countries, trade with the OPEC nations in the area reflected the West German industrial recovery.

Iran is still the Fedeal Republic's largest trade partner in the Middle East. Exports rose by 11 per cent. to DM4.12bn. (£1.05bn.) while imports rose by 41 per cent. to DM3.48bn. (£883.2m.), while the West German trade surplus declined from DM1.25bn. to DM642.3m.

Portuguese £30m. loan

THE Export Credits Guarantee Department has guaranteed a £30m. loan to help finance an £80m. project to expand aromatics at the Petroleos de Portugal EP (Petrogal) refinery at Porto.

The loan, arranged by Baring Brothers and Co., Ltd., on behalf of a consortium of London Clearing and Scottish Banks, was signed in London yesterday.

The first project under this line of credit has been awarded to Badger Ltd. of London, who will carry out the detailed design, engineering procurement and construction supervision at the refinery — a contract understood to be worth about £7m.

The new plant, scheduled for commissioning in autumn 1979, will extract and recover aromatics and solvents and produce 50,000 mtpa aromatic solvents, 12,500 mtpa non-aromatic solvents, and 8,000 mtpa white spirit.

P.O. in project to boost transmission capacity

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

THE Post Office is to boost the export efforts of two of its main suppliers by collaborating on a new form of high-capacity telephone transmission technology.

Known as a "millimetric waveguide," a tube which can carry half a million calls at once, it would be supplied and installed by BICC, while the terminals and other electronic equipment would be provided by Marconi, part of the GEC group. The P.O. would act as design consultant for overseas customers.

The P.O. has been consistently criticised for failing to support its suppliers' export efforts, so the new joint export effort will be welcomed.

News that the P.O. is considering installing similar equipment in the U.K. network goes part of the way towards meeting complaints from its suppliers that the P.O. has often failed to lead overseas counterparts in the use of new British technology.

Following successful field trials of the system—developed by the P.O. in coöperation with industry—the Post Office is assessing proposals for a waveguide between Bristol and Reading. The work has opened up opportunities "for providing, quickly and cheaply, the extra capacity that would be needed to meet demands for new services such as conference television and facsimile," the P.O. said.

With its capacity for 500,000 phone calls, or about 300 TV pictures, waveguide outstrips anything that can be provided by conventional telephone cable. A new type of supercable, planned to link London with the Midlands and Northwest, will carry nearly 100,000 calls, still only a fifth of a waveguide.

See Page 14—Thousands of calls go by tube

Britain urges inclusion of Taiwan in MFA plan

NEW ARRANGEMENTS to regulate world trade in textiles due to come into force from the end of next year should include Taiwan, according to the British Importers Confederation.

At a meeting in Brussels with officials of the EEC Commission to discuss the GATT Multi Fibre Arrangement covering textile imports, the BIC said it was quite impossible to consider the international trade without taking into account one of the most important textile producing countries.

The BIC call raises delicate issues, for the U.K., in common with other EEC countries, has no diplomatic relations with Taiwan. But the BIC argued yesterday that it would be unethical for Europe to deny participation in the Multi Fibre Arrangement to Taiwan, whose textile industry is largely based upon machinery imported from Europe.

The MFA, signed by 37 countries, is due to expire at the end of 1977. It was designed to ensure the orderly development of trade in textiles and clothing between the developed and developing world, but this has been thrown into some confusion following the recession that has hit the textile industry in Western Europe and the U.S.

The BIC is urging other textile trade organisations in the EEC to push for the abandonment of the existing arrangements in favour of a global system, under which each member state would be allocated a global quota based upon its import performance over the previous five years.

This system would put control of the world textile trade in the hands of the importers rather than the exporters, and would remove the need for surveillance licensing, it argues.

French rail deal

THE EMPAIN-SCHNEIDER Group company Materiel de Traction et d'Electricite (MTE) has signed a $250m. contract with Sao Paulo State in Brazil for the supply of 80 locomotives for the Sao Paulo suburban rail network and electrification of 700 kilometres of railway line. MTE is a joint subsidiary of Jeumont-Schneider and Creusot-Loire.

APPOINTMENTS

PUBLIC NOTICES

PROPOSED ACQUISITION BY BABCOCK AND WILCOX LTD. OF HERBERT MORRIS LTD.

On 22 October, 1976, Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, referred to the Monopolies and Mergers Commission for investigation and report, under the provisions of the Fair Trading Act, 1973, the proposed acquisition by Babcock and Wilcox Ltd. of Herbert Morris Ltd. The Commission are also being asked to investigate and report on the existing merger situation between the companies resulting from the present holding of Babcock and Wilcox Ltd. in Herbert Morris Ltd. The Commission are required to make their report within three months.

The Monopolies and Mergers Commission wish to have comments or evidence on this proposal from interested parties. Any person or organisation wishing to give such evidence should therefore write as soon as possible to:
The Secretary,
Monopolies and Mergers Commission
New Court
48 Carey Street,
London WC2A 2JT.

SUFFOLK COUNTY COUNCIL
£2m. Bills issued to-day, due 8th February, 1977, at 14½%. Total applications £21m. These are only Bills in issue.

LEGAL NOTICES

No. 002568 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SCANHAVEN LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding-up of the above-named Company by the High Court of Justice was on the 29th day of July 1976 presented to the said Court by JOHN QUINTON REYNOLDS of Flat 6, Joanne House, Queensborough Mews, London, W.2. and WILLIAM HENRY CHARLES REYNOLDS of Flat 4, Ebor Links, 49, Eglington Road, Chingford, London, E.4. and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 15th day of November 1976, and any Creditor or Contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any Creditor or Contributory of the said Company requiring such copy on payment of the regulated charge for the same.

LEWIS RUSKIN & CO.,
220 Edgware Road,
London W2 1DW.
Solicitors for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm; and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of November 1976.

No. 002644 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SABNI PUBLICATIONS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 4th day of November 1976, presented to the said Court by JAGJIT SINGH CHOHAN of 13 Great Heed Road, Leamington Spa, Warwickshire, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 6th day of December 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE PRITCHARD & CO.,
108 Kingsway,
London WC2B 6PZ.
Ref: 14/MM.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 3rd day of December 1976.

HOME NEWS

Housing starts may not top 120,000 next year

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE NUMBER of homes built in 1977 could be among the lowest annual totals recorded since the war, according to the country's house builders.

An inquiry conducted by the House Builders' Federation shows that the industry is extremely alarmed at the prospects for the next twelve months.

It seems unlikely that work will begin next year on more than about 120,000 homes—some builders believe the figure will be below 100,000—compared with this year's disappointing projection of 160,000.

Only 1974, recently, has been more discouraging, with starts just topping 100,000. Four years ago, the figure was nearly 230,000.

Mr. Ian Deslandes, director of the federation, said yesterday that the position for housebuilders had deteriorated markedly over the last three months. Urgent Government intervention was necessary if a sharp fall in private housing output was to be avoided next year.

Council housebuilding in 1977 was also expected to be well down, so that the overall housing programme for next year could be seriously undermined.

Among the housebuilders' fears are a serious shortage of mortgage finance in the coming months and the continuing pressure on profit margins.

Later this week they will have a chance to discuss the bleak outlook at the first meeting of the joint consultative body, announced earlier in the year by Mr. Reg Freeson, the Minister for Housing and Construction, which is designed to improve liaison between builders and the Government.

Mr. Deslandes said that the industry was principally concerned to see that there was an adequate flow of mortgage money throughout next year and that nothing should be done to discourage the building societies from raising interest rates still further if this was necessary to attract more funds.

Builders responding to the federation's inquiry, however, stated that one of the main constraints on current demand was the already high cost of home loans.

Mr. Deslandes declared, though, that if the builders had to choose they would prefer to see "realistic" building society interest rates and a high volume of funds rather than artificially depressed rates and little or no mortgage finance.

The industry is still pushing for more assistance for first-time buyers and also wants to see more of the available finance going into the purchase of new homes.

Of even greater concern to the housebuilding sector is the outlook for profit margins. Over the past two years, building costs have risen at twice the rate of average prices.

Costs rose by about 1.5 per cent. during last month alone and are expected to continue rising at a similar rate next year. Most indications suggest that house prices on the other hand will remain fairly static.

● Final figures issued yesterday by the Department of the Environment showed that a start was made on 14,500 council houses in September, against 14,800 in the previous month. At the same time, work began on 15,200 private homes, a rise of nearly 2,000 on August.

LT heads for £93m. deficit

LONDON TRANSPORT is heading for a deficit of £93.6m. in 1977, more than £7m. higher than this year's estimated loss, according to figures released yesterday.

The projected deficit is contained in a report on the London Transport 1977 budget prepared for the Greater London Council's transport and policy and resources committees.

The picture presented is one of nervous uncertainty in the lead-up to a decision at the end of this year by Mr. William Rodgers, Transport Secretary, on the size of the transport supplementary grant to be made available.

It is made clear in the report that unless Mr. Rodgers agrees to fill a widening gap over the next 18 months, reductions in service and capital spending are certain to be added to the 15 per cent. fare increases already announced for next August.

Projections for 1977 show a deficit to be financed by GLC and Government grant of £93.6m., of which £74.1m. will be incurred through losses on bus services and £19.5m. on rail.

Cammell Laird to keep ships

BY TERRY WILKINSON AND JOHN WYLES

CAMMELL LAIRD, the Merseyside shipbuilder, is to move into ship-ownership following a conditional agreement to take over the equity in four vessels ordered by Williams Hudson, the industrial holding company headed by Paris-based businessman Mr. David Rowland.

Throughout the year there has been considerable doubt as to whether Hudson would take delivery of the four products tankers. Two have already been virtually completed and cancellation would have severely disrupted Cammell Laird's shipbuilding programme.

Both parties are now waiting for the Department of Industry's approval of the agreement which appears to offer the best compromise for both companies. Shipping experts predict a rising market for products tankers next year and some optimists think that the Birkenhead shipyard could sell the ships for between $10m. and $12m.

Cammell Laird, which is 50 per cent. State-owned, has clearly been influenced by the market estimates in embarking on a ship-owning arrangement which is the largest since 1973 when Swan Hunter set up a joint company, Swan Maritime, to build and sell ships with Maritime Fruit Carriers.

Warned

Despite the optimistic projections, it remains to be seen whether Cammell Laird will be able to recoup through sales the estimated £20m. value of the Hudson deal. The extent of this commitment has been of obvious concern to Hudson shareholders.

At the end of its last financial year in March, 1975, Williams Hudson had borrowings of nearly £48m. compared with shareholders' funds of just under £12m.

In the following six months it made a pre-tax loss of £897,000, wrote off £1.5m. against its U.S. furniture interests and warned that £2.1m. of loans to Venesta International, another of Mr. David Rowland's vehicles which went into receivership in January, might be lost. The chairman did, however, forecast a "considerable improvement" in second-half trading results.

In July a controversial plan by the group to write down its share capital in order to make a rights issue to shareholders was withdrawn following vocal opposition by a number of institutional shareholders who had expressed concern about the lack of information from the group's Board.

Williams Hudson, which at 20p is capitalised on the Stock Exchange at £2.3m., refused to comment yesterday on the state of its negotiations with Cammell Laird.

Journalists' closed shop opposed

By Michael Thompson-Noel

THE CREDIBILITY of newspapers in Britain, and the freedom of editors and journalists, would be damaged—perhaps fatally—if proposals for a union closed shop throughout journalism became a reality, the Royal Commission on the Press was told in London yesterday.

It was listening to evidence from Westminster Press, a subsidiary of Pearson Longman and Britain's biggest publisher of weekly newspapers, and proprietor of 11 regional papers.

Local newspapers in Britain, said a Westminster Press submission, were universally accepted as a medium both for disseminating information and for reflecting in a single forum "the news and views which are the raw material of democratic discussion and decision-making."

In countries where public confidence in this role of newspapers was lacking, the Press was weak, divided, politicised and discredited.

NEWS ANALYSIS • SHEFFIELD STEEL

Comprehensive checkmate

BY OUR INDUSTRIAL STAFF

THE RATIONALISATION of the Sheffield steel industry, which was one of the first objectives of the Industrial Reorganisation Corporation nearly ten years ago, may now be brought about, in a far more comprehensive way than the IRC ever contemplated, following the bid announced last night by Johnson Firth Brown for Dunford and Elliott.

In 1967 the IRC supported the merger between Dunford and Elliott and Hadfields. Two years later it bought just over 50 per cent. of Bayley, partly to inject its Hoffman ball-bearing subsidiary into what is now known as Ransome Hoffman Pollard, but partly to use its other subsidiary, Brown Beyley Steels, to promote further rationalisation in special steels. The idea was to merge Brown Bayley Steels with Dunford and Elliott, but it was not possible to argee terms. The IRC disappeared from the scene in 1970 with little further rationalisation in Sheffield achieved.

At the end of 1972 Dunford and Elliott, then capitalised at about £12m., made an ambitious £25m. bid for what was widely regarded as the most valuable property in Sheffield, Thomas Firth and John Brown. The bid was fiercely resisted for a mixture of financial and industrial reasons. After a struggle lasting several months Firth Brown threw in its lot with the Jessel Securities subsidiary, Richard Johnson and Nephew. The new group, known as Johnson Firth Brown, was easily the biggest unit in the special steels industry.

Dunford and Elliott then returned its old merger ideas and in 1973 negotiated the take-over of Brown Bayley Steels; as a result of that deal the Government was left with a small shareholding in Dunford which is now vested in the National Enterprise Board. The acquisition of Brown Bayley proved far more costly than Dunford had anticipated; it is the main cause of its present financial difficulties.

At the end of the following year, 1974, the Jessel 34 per cent. stake in Johnson Firth Brown came up for sale. Three groups expressed interest in acquiring it (and presumably control of the company as a whole)—British Steel Corporation, Laird Group and, once again, Dun[ford] and Elliott. All three were [out]witted and the shares [were] placed with institutions, lea[ving] JFB to pursue a succe[ssful] career on its own.

Meanwhile, other change[s in] the structure of Sheffield [steel] have taken place. Internat[ional] Nickel bought Daniel Done[...], Edgar Allen merged with [Bal]four Darwin and JFB bou[ght a] substantial minority share[hold]ing in Samuel Osborn.

Last night's announce[ment] could represent the de[cisive] move in this lengthy [...] game. But the interested p[arties] —among them the BSC, [the] NEB, the Office of Fair T[rading], the European Commission—[are] so numerous and so pow[erful] that the outcome is impo[ssible] to predict.

Judges rule Lloyds must take part in 'terrifying' case

BY A. H. HERMANN, LEGAL CORRESPONDENT

LLOYDS FAILED in its attempt to avoid involvement as third party in a six-week-old trial which is likely to continue for another 20 weeks in the High Court after the New Year.

Three appeal judges yesterday refused Lloyds' appeal from an order of Mr. Justice Forbes, making it a third party in an action for damages brought by Messrs. Knight and Walker against a well-known firm of South Coast solicitors, Donne Mileham and Haddock, in which Sir John Donne is one of the principal partners.

An excess insurers after Sun Alliance—who are the insurers of the sued solicitors in respect of the first £100,000 of claims—Lloyds could be liable for indemnifying the solicitors for any award of damages exceeding £100,000 but not over £250,000. Lloyds' maximum liability under its policy could therefore be £150,000 plus claimants' costs.

In giving his judgment, Lord Denning, Master of the Rolls, said that the real issue of interest to the underwriters, namely whether there had been any dishonesty on the part of the sued solicitors, would probably not be decided unless they took part in the trial. The difficulties arising from their accession at a time when the trial is already in an advanced stage can and can and should be overcome.

Agreeing, Lord Justice Roskill called the case "a terrifying piece of litigation" and said it was beyond any doubt that the court had the jurisdiction to bring in a third party at any stage. Whether it should do so must be decided on the balance of convenience.

The question of liability in this case was hopelessly enmeshed with question of fraud and unless Lloyds would take part, no-one would know at the end of the trial whether the underwriters were liable or not. A further trial covering much of the same ground, but made more difficult by the lapse of time, would then be necessary.

Lord Justice Lawton, who also agreed that the appeal should be rejected, said that this was a very special case and only the second case in his judicial career when a third party was brought in after the beginning of the trial. He was much concerned at the time it took so far and the fact that such protracted litigation became more and more frequent in the course of the past 15 years.

Lord Justice Lawton found it difficult to understand why the opening of the case by the plaintiff's counsel and the examination of one witness should have taken six weeks. "Surely the counsels could get together to shorten the proceedings," said Lord Justice Lawton.

The civil proceeding of which this interlocutory appeal was a part was started in 1972 by Messrs. Knight and Walker, refrigeration engineers, who alleged—as summed up by Lord Justice Lawton—that Mr. Robert Derek Hansen, a partner in Donne Milcham and Haddock, and Mr. Donald Herbert Moseley their employee and financial adviser, "told them a pack of lies to obtain the control of their group of companies." Their original claim was based on negligence and misrepresentation and the defendants brought in Sun Alliance, who from that time, as first layer insurers of the sued solicitors, took on all the burden of defence.

However, the situation changed when, in 1975, after a trial which lasted 17 weeks, Hanson and Moseley were found guilty of a series of thefts and frauds committed in the second half of 1971 against a number of clients, including also Messrs. Knight and Walker.

These brought the conviction into the procedings and sought leave to plead fraud but later decided that they would plead only negligence and misreprentation.

Sun Alliance pleaded that the claims arose out of fraud and that they were therefore not liable as its policy excluded claims based on dishonesty of the solicitors.

During the long vacation, Sun Alliance reconsidered its position. It was frightened by the prospect of enormous legal costs and decided to make use of a clause in its policy allowing it to disclaim further responsibility and to get out of the litigation by paying into court the maximum amount of insured indemnity, namely £100,000.

Though the claims for damages were not yet quantified, the court was told that originally Messrs. Knight and Walker estimated that they have suffered damage amounting to several million pounds.

Their counsel described the claim including costs as being now of the order of £1m., while Donne, Mileham and Haddock alleged that when Knight and Walker lost control of their companies, these were already in difficulty and of little value. But when the substantial costs of the trial were taken into account, it became evident that even on the defendants' estimate of the value of the companies Lloyds might become liable as insurers of the excess over £100,000 up to £250,000. For this reason, Mr. Justice Forbes ordered it to take part as a second third party.

The case will now continue with good prospects of becoming one of the longest on record.

The 27 solicitors (partners in Donne Milcham and Haddock) sued for damages plead that they are not liable and that their partner, Mr. Hansen was incorrectly convicted and that his conviction is irrelevant.

Lloyds, as Sun Alliance before them, will try to show that if the solicitors are liable it is in connection with dishonesty of one of their partners, in which case insurance could not be claimed.

Messrs. Knight and Walker plead that they were damaged by negligence and misrepresentations on the part of the solicitors not by fraud.

TV rating battle builds up

By Arthur Sandles

ITV RESEARCH for O[ctober] shows that the BBC an[d the] commercial companies [share] honours in the ratings wa[r].

Thames TV is said to ha[ve had] the biggest audience o[f the] month with 9.35m. homes [tuned] to George and Mildre[d on] October 25. This beat the [9.2m.] tuned to Bruce Forsy[th on] October 23.

According to figures pu[blished] by the Joint Industry Com[mittee] for Television Advertisi[ng Re]search, and prepared by [AGB] of Great Britain, the audi[ence in] October was split 50-50 b[etween] the two rivals.

The BBC's share was split 42 per cent. to BBC[-1 and] 8 per cent. to BBC-2, the [...] show.

BBC figures dispute t[hese] findings.

However, the ITV ver[sion of] the list is: 1. Georg[e and] Mildred; 2. Bruce Fors[yth]; [3.] The Sweeney, Octob[er ...] (Thames), 8.85m.; 4. [This is] Your Life, October 27 (T[hames]) (8.45m.); 5. Starsky and [Hutch], October 16 (BBC) 8.4m. [The] Two Ronnies, October 23, also 8.4m.

The BBC view is that [the] top five programmes we[re on] the BBC—two editions o[f Bruce] Forsyth and three of T[he Two] Ronnies. The BBC m[...] total audience and gives [...] show nearly 21m. viewer[s].

Bates seizes Greek tanker

BY JOHN WYLES, SHIPPING CORRESPONDENT

EVIDENCE OF continuing financial troubles within the Colocotronis shipping group emerged yesterday when Edward Bates and Sons secured a High Court order for the forced sale of one of the Greek company's oil tankers.

Bates is claiming nearly $10m. (£6.2m.) as first mortgages on the tanker, the Vassos Georgiadis, whose ownership is registered with a Panamanian company. The 60,896 deadweight tons vessel is under arrest at Falmouth where she was berthed.

Significance of the arrest was difficult to gauge last night when no comment was available from either Colocotronis or Bates. However, both companies have been in the thick of financial problems this year.

Colocotronis revealed in January that it was unable to meet its obligations on loans of about $320m., while in May Bates's shares were suspended and its deposits guaranteed by the Bank of England.

Cost and standard of living up, spending survey shows

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

MORE THAN half Britain's households now have a telephone while nearly 50 per cent. have central heating, according to the complete version of the Government's survey of Family Expenditure for 1975, published yesterday.

The survey, which illustrates the rise in both the cost of living and the standard of living in Britain, showed that 51.9 per cent. of the 7,203 households covered had a telephone in 1975 against 49.5 per cent. a year before and only 35 per cent. in 1970.

There were no great changes last year in the proportion of households owning consumer durables, although most categories showed some increases. The biggest rise was in the proportion of households with central heating, which rose by 3.7 per cent. to 46.7 per cent. The figure was only 30 per cent. in 1970.

Refrigerators and freezers were also owned by more families with the proportion of households with these items rising by 3.5 per cent. to 85.3 per cent. In 1970, when freezer ownership was not considered large enough to warrant separate mention, 65 per cent. of families in the sample had a refrigerator.

Car ownership has risen from 51.6 per cent. of households in 1970 to 57 per cent. last year (with 10.6 per cent. of households having access to two or more cars), while 71.9 per cent of families had a washing machine last year against 64.9 per cent. in 1970.

Preliminary results of the *Family Expenditure Survey*, published in July, showed that average net household income in 1975 was 20.3 per cent. above the 1974 level at £58.15 a week. Expenditure, at £54.58, rose by 18.3 per cent.

Food

The survey showed little change in the pattern of household expenditure between 1974 and 1975. Spending on the main items of food, transport and vehicles remained almost unchanged as a proportion of total spending on commodities and services, though there was a small decrease in the proportion of expenditure going on housing.

In money terms, however, average household expenditure on food increased by £2.23 to £13.52 during 1975.

The more detailed survey published yesterday showed that, of the average total income before deductions of £72.87, the head of the household contributed £53.03.

On average, 74.8 per cent. of the average family's income came *from wages and salaries against* 72.4 per cent. in 1974. The proportion of total income coming from social security rose fractionally from 9.4 per cent. in 1974 to 9.6 per cent. last year, while the share of total income arising from self-employment dropped from 7.5 per cent. in 1974 to 5.5 per cent. in 1975.

Regional breakdowns in the survey showed that families in the South-East and Greater London were still spending considerably more each week than households in other parts of the country. Families living in the South-East, but outside Greater London, spent an average of £56.79 a week last year. This compared with average weekly spending of only £45.80 in the Yorkshire and Humberside areas.

Households in Greater London spent the most on housing (an average of £8.85 a week) and those in Northern Ireland the least (an average of £3.66 a week). Families in Northern Ireland, on the other hand, spent the most on bread, potatoes and soft drinks.

Drink

Greater London residents spent by far the most on meals out (an average of £2.37 a week).

Scottish households seemed to smoke most heavily and, together with the North of England and West Midlands, drank most heavily, too. Households in Northern Ireland spent the most on footwear, while those in the East Midlands spent the most on television and radio.

Family Expenditure Survey 1975: HMSO, price £4.00.

Concern over sustaining retail sales' rise

BY MICHAEL BLANDEN

THE LEVEL of sales in the shops showed little change in September, and the retail trade is worried that even the slight improvement recorded during the summer months will not be sustained.

Over the three months to the end of September as a whole, retail sales were running about 2 per cent. higher than in the previous quarter. But the improvement reflected the impact of the tax rebates during the period and a successful summer sales season in which consumers seem to have concentrated their buying of durable goods.

The recovery has been very modest, however, with the average level of trade in the first nine months of the year still slightly below the mean for the whole of last year. Current expectations are that consumer spending as a whole will show little growth in the near future, and may decline.

The index of the volume of retail sales for September has been revised slightly upwards from the preliminary indication of 108.5 to a final 108.8. But this is still slightly below the previous month's level of 108.9 and indicates that after the recovery in July from the exceptionally *low levels in the previous two* months retail activity has levelled out again.

Within the total, durable goods sales have shown a relative improvement in recent months underlined by the continued rise in the new instalment credit extended by shops and finance houses.

In September alone finance houses and retailers advanced £319m. in new instalment credit agreements (seasonally adjusted), which was some 10 per cent. higher than the levels at which lending had been running in the months up to July.

Over the third quarter of the year, advances totalled £913m., a rise of 5 per cent. over the previous quarter with finance house lending up by 2 per cent. and retailers' loans by 7 per cent.

HP CREDIT AND RETAIL SALES

Seasonally adjusted

	New credit extended by: Finance Houses	Retailers	Total debt outstanding (unadjusted)	Retail volume (revised) Total	Durable goods shops
	£m.	£m.	£m.	(1971 = 100)	
1975					
1st	286	425	2,265	111.3	129
2nd	309	450	2,266	108.9	130
3rd	303	445	2,257	105.5	111
4th	303	466	2,320	105.8	112
1976					
1st	343	495	2,297	107.3	118
2nd	385	488	2,363	106.7	121
3rd	392	521	2,465	108.7	127
1976					
Jan.	111	171	2,299	109.8	125
Feb.	111	165	2,296	107.1	121
March	121	159	2,297	105.5	112
April	127	164	2,320	108.5	128
May	126	165	2,356	105.7	117
June	132	159	2,363	106.1	119
July	126	164	2,386	108.3	127
Aug.	129	175	2,430	108.9	128
Sept.	137	182	2,465	108.8	127

Source: Department of Industry

Spending curbs hit £13m. Bus project

By Terry Dodsworth, Motor Industry Correspondent

AN INVESMENT of £13m. by British Leyand in a new generation of double-decker buses is being called into question because of the depressed state of public sector spending and a recent Government proposal to phase out the bus grants scheme.

Leyland's plans for the bus—called the B15—have received outline approval from the National Enterprise Board and a prototype vehicle is on trial in London.

But until a few weeks ago the company had no orders for the bus. This is causing anxieties within the NEB, Leyland's major shareholder, and in the Department of Industry, which keeps a close watching brief on the company's affairs.

Because of these problems, Leyland recently launched an intensive effort to win sales for the B15, which will be more expensive than the existing range of Atlanteans and Fleetliners. The idea was to prepare a case to put to the NEB for a final presentation before authorisation of the project for investment purposes.

If the company is to stick to its original timetable for the bus, which envisages a launch in 1978, the investment programme will have to start soon. The plan entails production of the chassis and running gear—engine and gearbox—at Leyland in Lancashire, with body work added at the Park Royal works in London and Charles Roe in Leeds.

The downturn in the double-decker market has not taken Leyland unawares. The company was expecting the boom experienced in the early 1970s to fall off this year as the bunching effect produced by the bus grants scheme—which gave local authorities central government support for bus purchases—began to run out of steam.

The company's long-term plans envisaged sales falling to about 2,250 a year by 1980 from their peak of about 3,000 this year.

Go-ahead for £80m. rail plan

By Ian Hargreaves, Industrial Staff

BRITISH RAIL has been given the go-ahead to spend £80m. to electrify and modernise services on the London-Bedford line.

The decision, announced in a Commons written reply from Mr. William Rodgers, Transport Secretary, was welcomed by Mr. Peter Parker, chairman of British Rail, as "just the sort of tonic that the railway industry and its customers needed. It is an example of the long-term commitment we have been seeking from government."

The announcement came as the first stage of the £63m. Great Northern electrification service linking Welwyn Garden City, Hertford North and Moorgate, London, began operation.

Inevitably there were problems during the service's first *peak period and five trains out* of 41 were cancelled, mainly because staff were unfamiliar with new procedures.

There were also complaints from commuters about overcrowding, which is likely to persist until January when the last of the new rolling stock should be delivered. On the other hand, journeys are faster and, in some cases, fares are cheaper because of reduced mileage.

Work will start early next year on the 50 miles of the St. Pancras/Moorgate to Bedford line and should be complete within about five years. In peak periods, there will be 12 services an hour from St. Albans to Moorgate, with journeys cut by up to 15 minutes.

The £80m. investment, which does not provide for British Rail to exceed in any one year its £200m. capital spending ceiling, will be warmly welcomed by the railway supply industry.

Ford takes first two places in U.K. car sales league

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE REMODELLED Ford Cortina bounced back to the top of the British car sales league last month in spite of the labour troubles encountered by the company during its run-in period.

The success of the Cortina, with 10,005 registrations in October, means that Ford filled the top two places in the tables. Number two was the Escort, with 9,238 sales, followed by the British Leyland Mini on 5,393.

Buoyed up by these performances from its two best-sellers, Ford turned out to be a close challenger to Leyland for market leadership with 25.8 per cent. of overall sales against Leyland's 26.4 per cent.

Two imported cars also made the top 10 league last month, the Vauxhall Cavalier—which is made in Belgium—registering 3,043 sales, and the Datsun Sunny with 2,825.

Imports overall accounted for 42.2 per cent. of sales, compared with 37.7 per cent. in October last year.

Cars from other EEC countries accounted for 28.4 per cent. of all sales, compared with 24.7 per cent. a year earlier.

Japan's market share from 8.7 per cent. to cent, but the East E Comecon manufacturers slipped from 2.3 to 1.7 and Sweden's Volvo a saw their combined sha market fall from 1.8 to cent.

A 5.6 per cent. increase in Vauxhall's car prices was ann last night as the company fell into line with the recent ris British Leyland and Ford.

Only Chrysler of the big four British manufacturers so far put up prices in the recent round of increases, whi ranged between 6.0 per cent. at Leyland to 5.4 per cent.

Examples of the new Vauxhall prices are: Chevette E £1,769 (old price £1,675); Chevette L hatchback £2,042 (Viva 1300 L four-door £2,136 (£2,022); Cavalier 1600 L £2,375 (£2,248); VX 2300 GLS £3,687 (£3,492).

U.K. CAR REGISTRATIONS

	October 1976	%	1975	%	10 months ended October 1976	%	1975
British Leyland	25,239	26.42	18,915	22.63	308,434	27.61	335,840
Ford*	24,610	25.76	20,427	24.44	281,975	25.24	221,230
Vauxhall*	9,209	9.64	7,736	9.26	97,968	8.77	77,396
Chrysler*	4,434	4.64	7,076	8.46	72,170	6.46	86,772
Total British	55,230	57.82	52,088	62.33	701,293	62.77	701,027
Datsun	6,029	6.31	3,632	4.35	61,595	5.51	59,776
Renault	4,264	4.46	4,619	5.53	48,895	4.38	50,363
Fiat	3,900	4.08	3,120	3.73	39,744	3.56	33,696
VW/Audi	3,379	3.54	4,044	4.84	38,858	3.48	43,934
Total imports†	40,293	42.18	31,484	37.67	415,957	37.23	362,743
Grand total	95,523	100.00	83,572	100.00	1,117,250	100.00	1,063,770

* These figures include cars from the companies' Continental associates which are not inclu total British figure.

† This figure includes imports from all sources including cars from the Continental British companies.

Ford defends policy

BY TERRY DODSWORTH

ALLEGATIONS that Ford U.K. is encouraging employees to inform on each other were dismissed vigorously by the company yesterday in its defence of a 10-year-old policy of asking senior employees to declare their external financial interests.

The allegations follow a letter sent to about 3,000 employees last month which asked them, among other things, to sign a document saying they know of "no improper payment or other benefit" in the course of their duties. One of the unions involved in the company, the Technical and Supervisory Section (TASS) of the engineering workers' union, has opposed the signing of the document.

Ford defended the policy yesterday on the grounds that it was necessary for large companies to have clear-cut rules about public conduct.

The company said that the phrase about "improper payments" had been added to a standard letter which had been going out for about ten years requiring senior employees to show that their external financial interests created no conflicts of interest in their work for the company.

There had never been any difficulty in persuading staff to sign these documents, the company added.

The company said that there was nothing in the letter which implied that staff should snoop on their colleagues. "We are surprised at the union's attitude because it seems to be claiming offence where clearly none is intended.

Redunda[...] preparat[...] by Lotus

LOTUS, THE sports car company employees advance dundancy in Janu the uncertainties market in the pected

The notices advance warning of the Employment Act, and would force from its present company, which has als ced nine redundancies in its staff departm built up its workforce 100 since last year.

Lotus' sales so far have gone up to 490 u 346 in 1975.

World Value of the Pound

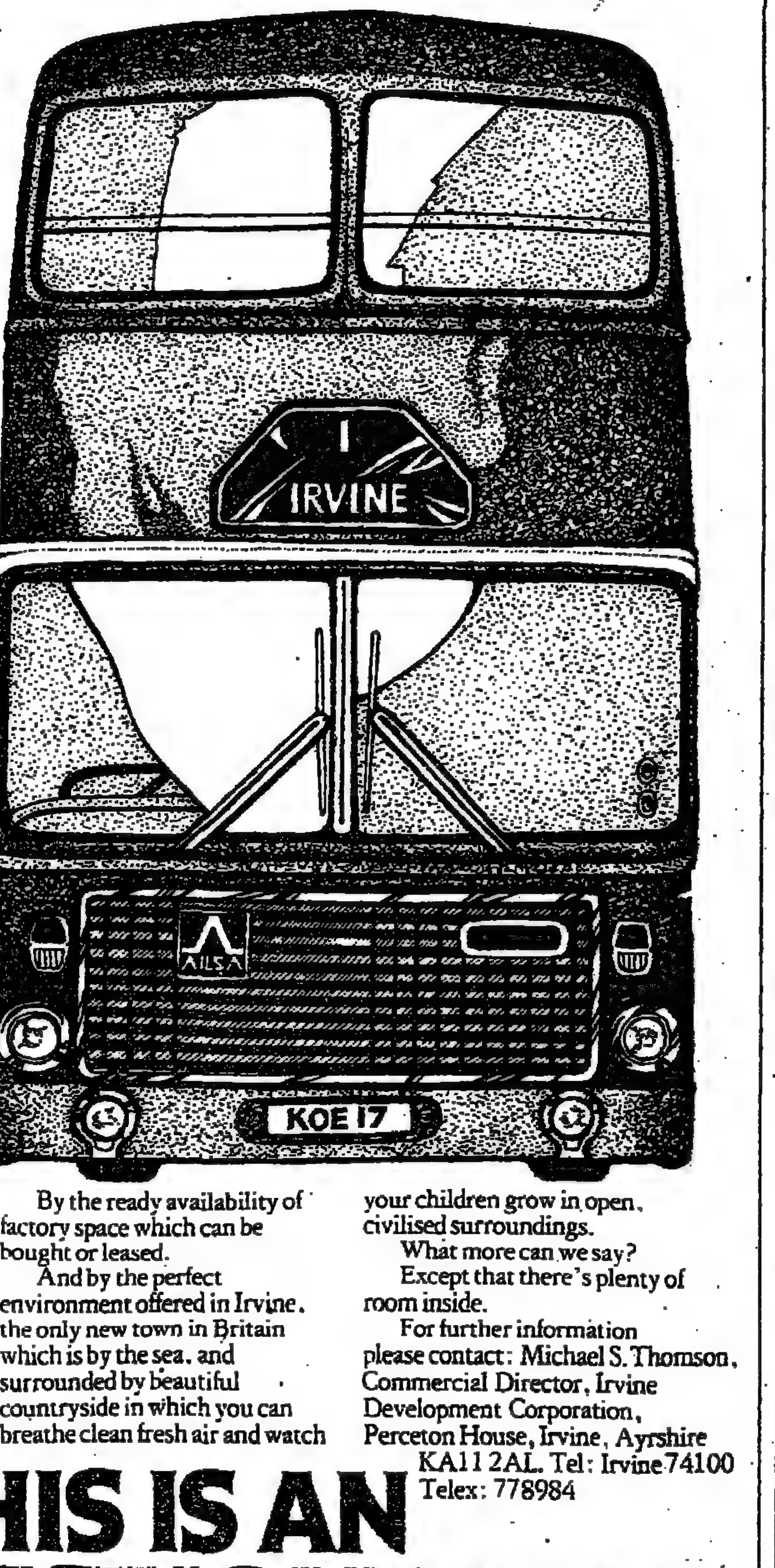
The table below gives the latest available rates of exchange for the pound against various currencies on November 8, 1976. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territ Scheduled Territory; (o) official rate; rate; (T) tourist rate; (n.c.) non-co rate; (n.a.) not available; (A) approxi no direct quotation available; (sg) sel (bg) buying rate; (nom.) nominal exchange certificate rate; (P) based dollar parities and going sterling do (Bk) bankers' rate; (Bas) basic ra commercial rate; (cn) convertible financial rate.

Sharp fluctuations have been se in the foreign exchange market. Rat table below are not in all cases closing the dates shown.

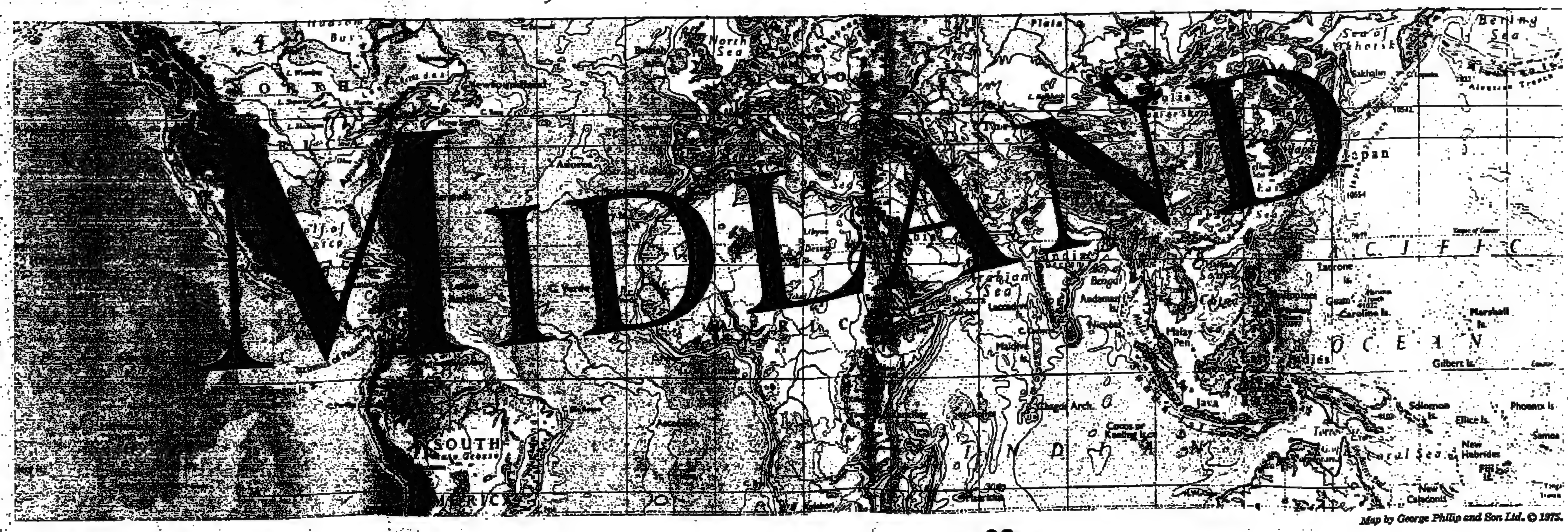
Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afars & Issas Djibouti Franc	258(sg)	Germany West Deutschemark	3.90	Paraguay ... Guarani	[illegible]
Afghanistan Afghani	74.0(A)	Ghana (S) Cedi	1.88	Ppl's D. Rp. of Yemen (S) S. Yemen Dinar	[illegible]
Albania Lek	[illegible]	Gibraltar (S) Gibraltar £	1.00	Peru Sol	[illegible]
Algeria Dinar	6.72	Gilbert & Ellice Is. (S) Aust. Dollar	1.51925	Philippines Ph. Peso	[illegible]
Andorra French Franc / Spanish peseta	8.05(g) / 116.40	Greece Drachma	[illegible]	Pitcairn Is. (S) £ Sterling / New Zealand $	[illegible]
Angola Angola Escudo	n.a.	Greenland Danish Kroner	[illegible]	[illegible]	[illegible]



We deliver.

Eurocurrency finance: You will find our approach to your needs imaginative and our terms hard to beat. We will give you a prompt yes or no on whatever you require. Cut red tape to a minimum. And make sure documentation isn't a waste of your time.

TEST US: Contact George Barrett, our senior executive in charge of Eurocurrency finance. Tel. London 606 9944, ext. 4210, telex 888401 or write, Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN, England.



Map by George Philip and Son Ltd. © 1975.

Midland Bank International Delivers.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Collects facts on the move

WESTREX has exclusive marketing and distribution rights in the United Kingdom for a mobile data collection and transmission unit forming an integrated package.

This system collects, receives and transmits data via portable radio transceivers equipped with either a numeric or alpha-numeric keyboard. The numeric keyboard has 12 entry and 4 instruction keys and a liquid crystal 16 digit data display: the alpha-numeric has a 64 ASCII character keyboard and liquid crystal display which enables all of the 64 character memory to be displayed before transmission.

The radio base station can serve up to 15 portables by an address polling system over distances of up to 1500 metres. Data entered through the keyboard is recorded in blocks of 64 seven bit characters, stored in the portable unit and on transmission radioed to the base terminal at a rate of 4200 bits per second.

The transmission code ensures the recognition and reporting of up to 2 bit errors per character and the automatic correction of one bit error per character. The portable is notified of a successful block transmission by a single audible bleep.

In the event of a 2 bit error the base station automatically polls the portable twice more, and if a transmission error status still exists the portable is notified by three audible bleeps. The base station is equipped with an interface for transmission of data on PO lines at speeds of up to 4,800 bauds to and from the computer to the base for onward radio transmission to the portables.

A bar code light pen is available which can be used with a portable station in addition to the keyboard. To complete the system a battery charging unit is available which is capable of charging 5 portables simultaneously. Each portable transceiver is equipped with an audible and visual battery discharge warning.

The system was developed by Data Geet mbH of West Germany. Westrex has been granted special permission by the Radio Regulatory Division of the Home Office to demonstrate the equipment at COMPEC next week pending formal application for type and licensing approval.

Westrex is at 152, Coles Green Road, London, NW2 7HE. 01-452 5401.

Plessey bid for ICL user base

COMMON to all computers, from the giant machines in world weather centres to the tiny units which drive electronic watches, is memory and it is the sharp decrease in the cost of storing information over the past ten years that is enabling the makers of small computers to challenge the abilities of much larger units.

At the same time, users of run of the mill business machines are seeking to improve performance without going to the massive expenditure and upheaval due to system replacement. This can be done by adding on one or other peripheral. But the most effective means of achieving higher performance immediately generally is to improve speed or size of memory.

It is for this reason that Plessey Memories has decided to offer existing users of ICL equipment of the 1900 series, of which there are some 150 in the U.K. and about the same outside, the option of switching over to one or other of a series of units made by Plessey under the general title of "Memory-Miser."

According to M. G. Ayres, marketing manager of the mainframe sector of Plessey Memories, the product now being offered to the ICL user (initially in the U.K.) is between 50 and 70 per cent. cheaper than that of the competition, depending on the size and complexity of the application.

The memory offered is core-based and semi-conductor controlled. Plessey is able to come into competition directly with ICL now because it has moved from the position of being a supplier to ICL of core memories with the latter's decision to make, in-house, solid-state memories based on chips bought in from a number of U.S. companies. These are being used for New Range machines, but also offered as add-on units for existing users and as standard on all later models of the 1900T machines.

Interesting is that the new equipment from Plessey is based on the P series introduced for minicomputer applications three years ago, 2,000 of which have been installed primarily by Oki.

Depending largely on experience with the new equipment is a further series of announcement in the plug-compatible area which are likely to involve other manufacturers.

But whether Plessey tackles the IBM add-on memory field will depend on other factors—there are several manufacturers already in the battle for this huge market, among them Ital and National Semiconductor and it will need a combination of high reliability in the new 16-K memory chips and indications *that many more users are going* to hang on to older IBM machines than at present anticipated before any such move could be made.

Meanwhile, in the present climate of severe economic restrictions both in the public and private sectors, the low cost of the Plessey units and the considerable reduction in maintenance required by them should have a rapid effect on the market.

Plessey Memories, Water Lane, Towcester, Northants. 0327 50312.

● INSTRUMENTS

Portable corrosion meter

USING THE well-established principle of corrosion monitoring by measuring the electrical resistance of a metal specimen immersed in the process fluid, what is described as an intrinsically safe portable corrosion meter is being marketed in the U.K. by Nalfloc.

The instrument can be used with a range of probe configurations, for use in low-pressure applications (for example, cooling systems), and high-pressure/high-temperature duties encountered in process streams—the high-pressure probes, using a ceramic seal to maintain performance over long periods, are suitable for use up to 6000 psi.

Designated the RB Mark II, the instrument has been certificated by the British Approvals Service for Electrical Equipment in Flammable Atmospheres (BASEEFA), Health and Safety Executive.

Features of the instrument are that probes can be monitored at distances up to 350 metres, and a LED display indicates the balance point, instead of a fragile moving coil meter.

Details from Nalfloc, PO Box 11, Winnington, Northwich, Cheshire CW8 4DX (0606 74488), a company equally owned by Imperial Chemical Industries and Nalco Chemical Company, of Chicago, U.S.

Valve lasts for 15m. cycles

BELIEVED to be the only British manufacturer of spool-and-sleeve valves of high accuracy metal to metal pneumatic types, Austin Beech has completed a redesign programme which is providing considerably increased speeds and performance characteristics.

Euroline H is the name of the new series, compatible with ISO and CETOP standards and available for base mounting with BSPT ¼ or ⅜ inch porting.

In spool and sleeve valves, lateral movement of the spool within a cylindrical sleeve allows incoming compressed air to be directed alternately or sequentially between exit ports and these impulses can be used in a control sequence.

In the Austin Beech product there are no dynamic seals between spool and sleeve and O-ring problems are non-existent. The hardened stainless steel spools and sleeves are made as a pair, lapped and honed to tolerances as fine as 0.00003 inch by methods the company believes are rarely used in Britain as a matter of routine. The company estimates from trials and customer experience that each assembly will have a life of at least 15m. operational cycles.

Cycling times can be up to 1,000 a minute and pressures handled range from 930 millibar vacuum up to 20 bar.

Overall dimensions of the new product line are only 99 by 60 by 71 mm. without solenoids or operators. The company believes this to offer a much more compact package than other makes with similar flow rates.

Austin Beech, POB 10, Leighton Buzzard LU7 7LJ. 052 53 2581.

● COMMUNICATIONS

Thousands of calls go by tube

POST OFFICE Telecommunications hopes to go ahead with the first service trial of a new two-inch helical waveguide in a £5m. 132 km system to be laid between Bristol and Reading.

Working between 30 and 110 Ghz it will be able, when necessary, to carry ½m. telephone calls and is expected to be in service by 1982. BICC will make the waveguide at its new Alperton plant, while Marconi will be responsible for terminal and repeater equipment.

In addition the Post Office and the two suppliers are "getting together" to form a team devoted to selling the system to other countries. The time is appropriate because already at its research station at Martlesham Heath the Post Office has established the waveguide as a reliable high-capacity low-cost per channel system which is believed to be ahead of several other countries.

BICC now has a full-scale production unit, although pilot plants exist in the U.S. and Japan for example. These waveguides use the steel tube principle which offers less loss but is more expensive.

BICC is making easily-joined 3-metre lengths. The jointing gives some loss but keeps the cost to about £20 per metre. Plant can make 100 km per year.

Announcement of the Bristol-Reading proposal—unlikely, it is understood, to be rejected by the Board—comes only a few months after the contract for STC to build a 2,000-channel optical fibre link between Reading and Basingstoke.

The Post Office dismisses the idea that there is any real contention between waveguide and fibre at present. Its engineers believe that to achieve the capacity of waveguides much more development of monomode fibre (that is, the true optical wave guide) will be needed. It might be a year or two before 8,000 channels is achieved and possibly a decade before ½m. channels become possible.

The Post Office view on trunk communications seems to be that at ½m.-channel capacity, the waveguide is ready for application, with easy extension to ½m. channels. Fibre on the other hand, is not believed to be ready for main line application, mainly because adequate life testing and field use are still needed apart from additional technical developments. Fibre will be pushed ahead but initially will only appear on short junction route development. And there may yet be significant improvements in digital transmission in co-axial cable, an area in which much capital remains to be amortised.

For micro-wave radio the future seems limited, whether land or satellite borne, because the spectrum will soon be filled.

GEOFFREY CHARLISH

● CONSTRUCTION

Improved fire door and frame

TWO MAJOR problems with surface faced intumescing material used in fire door assemblies are its vulnerability to damage and difficulty in decoration.

These have been overcome by F. Hills and Sons, Norton Road, Stockton-on-Tees, Cleveland, TS20 2BE (0642 67141), by a method of concealing an intumescent strip in the wooden door frame.

A slot is machined in the frame 4 mm. below the surface. Into this is inserted a 13 mm. thick, 38 to 51 mm. wide, BASF Palusol strip. If there is a fire, the wood of the frame will char and when the strip reaches 200 deg. C. it intumesces, that is, it expands in thickness by about ten times, completely sealing the gap between the door and the frame, and preventing the passage of flames.

Since the strip is hidden in the woodwork it cannot be damaged, and decoration is simplified.

At the same time, the company has introduced a new fire check door, the Firemaster, which is timber framed and faced with hardboard or plywood. The core of the door is a 48 mm. thick layer of vermiculite.

The company says the door has been tested at Warrington Research Centre to BS 476 Part 8 and is certified accordingly, provided it is hung in an appropriate frame (for example, Hills frame with the intumescent strip). The rating means the door will act as a fire check for one hour.

Tackling a competitive market

AN ATTEMPT to enter the competitive pump and road breaker market is being made by a newcomer, Hern Hydraulic Equipment, which says it already has a variety of models and will be showing them later this month at the Public Works Exhibition in Birmingham.

Electric, hydraulic, diesel and petrol-engined submersible pumps and hydraulic breakers with low noise levels are to be shown. Some of the larger pumps will excavate and handle solids. Two hydraulic breakers only will be displayed with the promise of more models next year.

The company, which is located at 28, Sandy Lane, Yarnton, Oxford (08675 71501), is now pushing ahead with the appointment of dealers.

● RESEARCH

Particles counted quickly

INTRODUCED by Coul... tronics is the TA2 in... able to count particles... suspension in the ran... 800 microns at high s...

For example, the ti... for a particle size ana... be reduced to as litt... seconds, so that qualit... can be performed w... production line is still... tion.

Results are displaye... integral oscilloscope ar... plotted on an X-Y re... on the built-in strip ... an associated populat... accessory unit. The T... and sizes up to 5,000 ... second, permitting the... ing of particle system... constantly changing an... relation of these cha... tributions with time.

Minute changes in pa... can be easily detected... research projects can... taken within practi... limits. Statistical con... the results is confirm... Coulter, by distributior... reproducible to withi... cent.

An interesting featu... standard sample inform... be stored in a memor... can be recalled at any... printed over results... samples to allow di... parison with the stand...

Several kinds of... analysis can be aut... performed and display... CRT screen along... particle pulses from... ing head.

Applications wil... wherever foodstuffs, ... minerals, pigments, ye... and sediments are... More from Coldharbo... Harpenden, Herts... (05827 63151).

[illegible] عن الأصل

PARLIAMENT

GUILLOTINE PROVOKES FIERCE HOSTILITY

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

Ministers exchanged smiles of relief as the tellers in the Commons last night announced the Government's majority of one vote (311-310) on the crucial division to guillotine the Aircraft and Shipbuilding Industries Bill when it returns from the Lords to the lower House.

Similar motions to guillotine the Education Bill and Rent (Agriculture) Bill had been carried by a Government majority of 16 (312-296) and a further motion to guillotine the Health Services Bill and the Dock Work Regulation Bill by a Government majority of three (310-307).

But even though Ministers had their way on these Bills, they were warned that they might well be steering a course to constitutional catastrophe.

Not only the Tories but the Liberals, too, found the Government's vehement defence of all these guillotines less than convincing.

It was Mr. Jo Grimond, former Leader of the Liberals who urged Ministers to realise they were treading a reckless path — even though it was the attitude of the unelected House of Lords to the five Bills which had log-jammed the Government's legislation —?—?—?— these prosposals for curtailing their further debate.

"Reform of the House of Lords may be necessary, but at the moment it is going about its job, defending the essential unwritten constitutional practices of this country," said Mr. Grimond.

Amid loud approval from the Tories, he added: "If the Government is not careful, it will find itself involved — not in a battle against the peers — but a battle of people and peers versus a Government on its way to a corporate State and towards becoming a dictorship of the minority."

Single-chamber government is Labour's aim—Peyton

MRS SHIRLEY WILLIAMS, Education Secretary, was given a rowdy reception in the Commons when she insisted that the Government had been given "a clear mandate" at the last election for the controversial measures due to come under the guillotine this week.

Mrs. Williams, constantly interrupted by Tory MPs, was opening the debate on a motion to guillotine the Education Bill and the Rent (Agriculture) Bill.

"This motion is necessary because the Opposition have made it clear throughout, that they want to prevent these Bills reaching the Statute Book," she said.

Mrs Williams pointed out that the Education Bill had been given a majority of 41 on second reading and had received 160 hours of Parliamentary time in both Houses.

"I do not think anyone could describe that as inadequate consideration of this Bill. We believe that there is every justification for this timetable motion."

Mr. John Peyton, Shadow Leader of the House said any mandate that the Labour Party claimed for its proposals had been made to look "singularly fly-blown" by the events of last Thursday when they lost two by-election seats.

"To-day is the last chapter in a saga of excessive ill-conceived legislation, and it also marks the peremptory brushing aside of the views of other people."

Referring to changes made by the Lords to the Bills, he reminded MPs that the Lords operated under the 1949 Parliament Act passed by a Labour Government under Mr Attlee.

Mr Peyton said that Lord Carrington, Tory leader in the Lords, had proposed various reforms. But the man who had done most to prevent and frustrate reform was Mr. Michael Foot, Leader of the Commons.

"The reason is that he, and his colleagues, want a single chamber Government, with a House of Commons which is prepared to become the lackey of the administration."

Mr. Jo Grimond (Lib., Orkney and Shetland) said the guillotine procedure was a travesty of democracy. The Government certainly had no mandate for the Bills, since only 38 per cent. of voters voted for them at the last election.

"These motions have come upon us from mismanagement of our affairs and too much, and too bad, Government. These Bills are at best irrelevant to the crisis the country faces, or, at worst, positively damaging."

The House of Lords was necessary as a revising chamber. The Government themselves had put down 200 amendments in the Lords this autumn.

Mr. Grimond said the fact that some proposals by the Lords would not be discussed at all in the Commons, and some would be voted en bloc, cut the ground from any criticism that the Lords had been over-stepping their proper authority.

"Reform of the House of Lords may be necessary, but at the moment it is going about its job, defending the essential, unwritten, constitutional practices of this country.

"If the Government are not careful, they will find themselves involved, not in a battle against the peers, but a battle of people and peers versus a Government on its way to a corporate State and towards becoming a dictatorship of the minority."

Mr. John Lee (Lab., Handsworth) said no party could approach a General Election with more trepidation than the Liberals. While Labour might suffer "some measure of defeat" at the moment, the Liberals would face extinction.

No Conservative Government had ever been treated in the way the Lords had been treating the present Labour Government. "To a very considerable extent, the blame for this lies in the cowardice of the MP for Huyton (Sir Harold Wilson) in the way he failed to face up to the challenge of the Lords and the kind of people who have been put there on his recommendation."

Mr. Lee added that Sir Harold's policy towards the House of Lords had been "a signally ignominous one."

During the next session, the Government should either create a flood of Labour peers, or do something about the abolition of the Lords.

Mr. Norman St. John-Stevas, Shadow Education Secretary, said that the Lords could probably draw on a greater range of educational expertise than the Commons. It wa san insult to them to dispose of something in six hours which they had debated for six days.

The Lords amendments were not political. They were "reasoned amendments, educational in nateur" and supported throuhgout the educational world and the country.

If the Government did not agree, it should hold a general election, he declared, to Tory cheers.

Mr. Ernest Armstrong, Environment Under Secretary said that both Bills had been considered adequately. The Bill to abolish educational selection had the backing of educational opinion throughout the country and to talk about curtailing discussion on a measure that had had 160 hours was to "stand logic on its head."

The Rent (Agriculture) Bill dealt with the tied-cottage system which was an injustice the Government was not prepared to tolerate. "This timetable motion is sensible, relevant and it is certainly justified," he said.

The Government's motion was carried by 312 votes to 296, a Government majority of 16.

Minister resists Leyland inquiry

FINANCIAL TIMES REPORTER

UNTIL MORE substantial evidence is available, the Department of Industry must reserve judgment on the "jobs for sale" allegations at British Leyland, Mr. Bob Cryer, Under-Secretary for Industry, contended in the Commons yesterday, when faced with strong Opposition pressure to order an immediate independent inquiry into the affair.

He explained that the allegations were being investigated by British Leyland under normal company disciplinary procedures, and stressed that the union concerned—the AUEW—was offering full co-operation because it was anxious that the matter should be cleared up as quickly as possible.

Mr. Cryer stated: "It is not part of the Department's duty to conduct the investigation, and the matter is best left where it is, in the hands of the company."

Calling on the Government to think again, Mr. Michael Heseltine, shadow Industry Secretary, protested that Mr Eric Varley, Industry Secretary, should have answered questions on the allegations himself, and not left them to the recently-appointed Mr Cryer.

Mr. Heseltine described the allegations as extremely serious, and maintained that an independent inquiry was needed to dispose of the matter one way or the other.

While acknowledging the seriousness of the allegations Mr. Cryer claimed that it was not for the Department of Industry to give credence to them.

"We are satisfied that the company and the union are cooperating in investigating the allegations to the fullest extent," he said.

● The Amalgamated Union of Engineering Workers yesterday continued with its own investigation of the allegations of bribery. Two senior union officials yesterday questioned Mr. Bob Knight, the convenor at British Leyland's car body plant at Castle Bromwich, Birmingham, who has been suspended on full pay.

Mr Knight yesterday denied any knowledge of the alleged bribery.

Our will to govern unchanged by last week's polls—Ennals

The second motion, on the Health Services Bill and the Dock Work Bill, as introduced by Mr. David Ennals, Social Services Secretary.

"It is essential that this motion should be carried if the declared will of this House is to be fulfilled," he declared.

The Lords had their rights and duties, but it was no part of their role to seek to block action already clearly determined by the Commons.

The Docks Bill was essential to stability of employment for dock workers, and the creation and maintenance of a permanent labour force of a size and composition appropriate to the efficient operation of the industry. "It must become law in this session," Mr. Ennals said.

The Health Services Bill, he added, would heal the deep wounds brought about in the NSH by the pay beds issue. "The Government is determined that the Bill shall not fail through lack of time."

It was significant that on the third reading it had a bigger majority than on the second reading. "There is no doubt that the will of this House has already been expressed."

But the Opposition had the effrontery to suggest that the Government was trying to curtail debates on these issues. "The temporary setbacks in Walsall North and Workington in no way change the will and determination of this Government to govern and fulfil our commitments both to this Parliament and to the people."

Mr. Patrick Jenkin, shadow Social Services Secretary, said the Government was churning ill-judged legislation "out of a mad sausage machine." Neither the Commons nor the country wanted it.

"Both these Bills are wholly irrelevant to the nation's dreadful economic plight and are widely detested far beyond the ranks of the official Opposition."

The Bills were opposed by people on the Labour benches in both the Lords and the Commons. "They will damage the interests of ordinary working people. They are nothing more than sops to a few politically motivated trade union bosses."

Socialist indignation at changes made by the Lords was nothing more than empty rhetoric, because not even half the Labour peers had taken part in votes. "They cannot argue that Tory peers are frustrating the will of the Commons."

Mr. Jenkin insisted that the docks Bill was not a manifesto commitment—and it was wholly unnecessary. Its only virtue was to display the Government's craven subservience to its trade union masters, and its determination to flout the will of the electorate.

"This arrogant determination to force this legislation, in spite of the results of last week's elections, demonstrates the hollow pretension of the Labour Party to be a democratic party."

Mr. Eddie Loyden (Labour, Garston) said that if the Lords persisted in their attitude, it might compel people in the industry to take action themselves against the decisions that had been aborted.

Mr. David Price (Con., Eastleigh) protested that the procedure being used was like a blind date. Apart from the Education Bill, MPs had not got the Lords' amendments to the Bills.

He was disappointed with Mr. Foot, who in the past had been a great Parliamentary figure who cared about the rights of Parliament. This was no longer so "I only hope he finds his jackboots comfortable."

Mr. Nicholas Ridley (C., Circencester and Tewkesbury) said that Mr. Foot was King Lear and the Prime Minister was like Gloucester. "They are wandering about, lost and depressed. Their army is routed."

Mr. Albert Booth, Employment Secretary, said that since the Dock Work Bill had been introduced to Parliament at second reading, it had been debated for 140 hours. "In the Lords, the inbuilt majority of the non-elected has made a mockery of the democratic process."

Tory backbenchers roared in protest when he said that if the Bill had been unnecessary, it would not have been passed in principle. The Government judged the Bill to be essential for industrial peace in the docks.

In a division, the motion was passed by 310 votes to 307—Government majority three.

Lords challenge to dock Bill shrugged off

BY JOHN HUNT

THE LORDS heavily defeated a crossbench attempt to kill the Dock Work Regulation Bill despite a warning from Lord George-Brown that if the Bill becomes law, the dockers would be able to "hold the whole nation to ransom."

The former deputy leader of the Labour Party who now sits as an independent peer argued that the legislation would permit the dockers to decide that nothing was coming in and out of the ports. The result would be that "the country would starve within a week."

Viscount St. David, a crossbencher, moved an amendment that the third reading of the Bill should be put back for six months. It was defeated by a Government majority of 71 (87-16) after Lord Carrington, the Tory leader in the Lords, and Viscount Simon, for the Liberals, advised members of their party not to support it.

Had it been passed, the effect of the amendment would have been to throw out the Bill.

Those voting for the amendment were mostly crossbenchers, including Lord George-Brown. They were joined by Lord Arran, Liberal, and Baroness Ward of North Tyneside, a Conservative.

Viscount St Davids has a similar amendment down to-day on the third reading of the Aircraft and Shipbuilding Industries Bill in the Lords. Although he intends to speak, it is understood that the amendment is unlikely to be pressed to a division.

Yesterday's debate ended with an angry outburst from Lord Jacques, replying from the Government front bench, who declared "I urge this House whatever it does, to take no damn notice of George Brown." He immediately withdrew his remark when it brought protests from Lord Carrington.

There were several cries of dissent from the Labour benches when Lord George-Brown attacked the Bill which, as amended by the Opposition, reserves jobs to registered dockers in areas within half a mile of ports.

To shouts of "No, no" from Labour peers, he said: "This is the case of the Mensheviks handing over to the Bolsheviks in 1917. This is exactly the way it happened."

LORD GEORGE-BROWN
"Country would starve within a week."

He argued that the Bill was was being introduced mainly to please Mr. Jack Jones, general secretary of the TGWU, in return for his help in retaining the social contract.

Lord St. David maintained that the House had a right to use its powers occasionally to throw out a Government Bill. Many Labour peers were really against this particular measure and he thought it better to "chuck it out" now rather than continue shuffling it between the two Houses.

Lord Peart, Leader of the House, said that if the amendment was passed it would affect the whole constitutional standing of the Upper House. "If it is carried to-day the whole Bill is dead. There is no chance for second thoughts.

"Our constitutional role is not to reject: it is to revise. In the last resort, confrontation leads to breakdown. It would be wholly wrong to throw out the Bill to-day. It would not be revision. It would be destruction."

Lord Carrington described it as a "terrible Bill." He maintained that it was not improper for the Lords to throw out a Bill on third reading. On this occasion, however, he thought it right that the legislation should go back to the Commons.

Opposition peers would watch closely to see how the Government treated their amendments and then make up their minds what to do when the Bill came back to the Lords, he added.

Replying for the Government, Lord Jacques said that the Bill gave complete protection to workers in other unions. Railway docks were specifically excluded from the legislation in order to satisfy the unions concerned.

Air takeover vital to jobs—Kaufman

FINANCIAL TIMES REPORTER

A FIRM ASSURANCE that MPs will be able to discuss, as well as vote on, the Lords amendment which seeks to omit shiprepairing from the Bill to nationalise the shipbuilding and aircraft industries was given by Mr. Gerald Kaufman, Minister of State for Industry, in the Commons yesterday.

In a clear bid to gain the support of Scottish and Welsh Nationalist MPs, he again underlined the Government's view that if the Bill were to fail to reach the Statute Book many jobs in the aircraft and shipbuilding industries in Scotland and in the Hawker Siddeley plant in North Wales would be lost.

As the Tory victors in the North Walsall and Workington by-elections waited to take their seats, the Opposition stepped up its demands that the Government should drop all its nationalisation legislation and assure industry that there will be no further extension of the public sector in the lifetime of the present Parliament.

Mr. Peter Rost (C., Derbyshire S.E.) accused Ministers of criminal irresponsibility and sheer lunacy in a wek wmen the Government had disgraced Britain by having the international bailiffs called in, and by attempting to bulldoze further nationalisation measures through Paliament.

Mr Kaufman retorted that unles the Bill to nationalise the aircraft, shipbuilding and ship repair industries went through, the bailiffs would be called in to a number of shipyards in England and Scotland and into certain aircraft factories.

"I draw attention to the particular gravity of the situation for Scottish Aviation at the present time and the jeopardy in which the future of Hawker Siddeley in North Wales would be placed if the Bill does not go through."

When Mr. Dafydd Wigley (Plaid Cymru, Caernarvon) suggested that the Bill would have a better chance of getting through if ship repairing were excluded, Mr. Kaufman answered that it was for the Welsh Nationalists to weigh the consequences for the 300 ship repairers in South Wales whose jobs were not in jeopardy with the jobs of 4,500 aircraft workers in North Wales whose jobs would be in considerable danger if the Bill did not go through.

Replying to Mrs. Margaret Bain (SNP, Dunbartonshire E.), the Minister categorically denied rumours that reports made by the organising committee for the shipbuilding industry envisaged 30 per cent redundancies throughout Scotland and the closure of three yards.

Unless the organising committee was swiftly turned into the British Shipbuilding Corporation, asserted Mr. Kaufman, there would undoubtedly be thousands of redundancies in the shipyards of Scotland.

MP introduces Companies Bill

BY MARGARET REID

THE PRIVATE Companies (Non-Executive Directors and Audit Committees) Bill, promoted by Sir Brandon Rhys-Williams (C., Kensington) was tabled in the Commons yesterday and given a formal first reading.

The Bill would provide for the setting up by larger companies of audit committees, drawn from the non-executive and executive directors of a company, with a non-executive director as chairman having a casting vote. Their task would be to receive reports on the company's performance and act as a liaison body with the auditors.

One clause provides that the audit committee would have to make recommendations on the choice of auditors before any company meeting which was to vote on the appointment of auditors.

LABOUR NEWS

Staff group test case goes before tribunal

BY ALAN PIKE, LABOUR STAFF

MANAGEMENT of the Blue Circle cement group favoured their employees forming a staff association rather than becoming fragmented among other unions, the Employment Appeal Tribunal was told yesterday.

But Mr. Richard Dolwin, staff manager, denied that the company had encouraged the association rather than run the risk that staff might join a more militant outside union, such as the Association of Scientific Technical and Managerial Staffs.

The Blue Circle Staff Association is appealing in the first case of its kind against the refusal of a certificate of independence under the Employment Protection Act. Application for a certificate, which confers collective bargaining advantages, was rejected after the Certification Officer had inquired into the association's, relationship with the company and studied its rules.

Many TUC unions have expressed concern about the granting of certificates to some organisations which they do not regard as truly independent and early judgments of the tribunal will be closely analysed.

The Blue Circle association maintains that it is independent and lists a new graded salary structure based on job evaluation and a severance pay agreement among its collective bargaining achievements.

Mr. Dolwin told the hearing that the association engaged in normal collective bargaining. "They make demands and the company has to negotiate settlements." He estimated company financial assistance to the association in the form of contributions to some expenses at about £500 a year.

Feeling

The association has 3,139 members, about 89 per cent. of the staff grades entitled to join. Its officers told the tribunal that the association became fully independent this year after being founded as a consultative body in 1971 following a ballot of employees by the management.

Mr. Ronald Atkin, a northern area office manager and association chairman, told the tribunal that in 1971 very few members of staff wanted to join a recognised union but there was an association.

He was questioned b[y] Scott, for the Treasur[y] about why a joint committee formed in always chaired by a that company. Mr. At[kin] did not think this was context of the a negotiations. The u was in the position of information.

Mr. Atkin also agre[ed] Scott that it was no association's rules we in their present "management for th said the rules are a members of the assoc

Another association Malcolm Cook, was qu Mr. Scott about prov rules for two repres management to atten mittee meetings. He would be done on som for management to specific situations bu would be asked to n normal committee bu

The hearing will day when Mr. John E Certification Officer, to give evidence.

British airlines concludes closed shop agreement

BY OUR LABOUR STAFF

BRITISH AIRWAYS revealed yesterday that it had concluded a closed shop agreement for part of its U.K.-based staff, in spite of vigorous opposition from some white-collar workers in its London offices.

This latest closed shop agreement in the airline, follows an earlier agreement for pilots, and covers about 5,000 ground services staff.

The agreement provides that staff remain in union membership, either the Transport and General Workers Union or the General and Municipal Workers Union, while all new members must join either union. Existing staff will not be forced to join a union, and new employees can claim exemption from membership on religious grounds.

British Airways plans to introduce other closed shop agreements for its 45,000 U.K. staff during the next few months. The next agreement is likely to be with air cabin crew.

Although it seems clear that the type of agreement being implemented will not force existing employees who refuse to join a union out of the company, opposition to the closed shop is still being mounted.

A petition from more than 500 employees has been presented to both the Prime Minister and Mr. Albert Booth, Employment Secretary. The organisers of the petition want a meeting with Mr. Booth to explain their objections. The organisers will tell him that a survey carried out by them indicated considerable opposition to th

● At London Tran[sport] white-collar workers a closed shop is to b[e] soon for the execu They are concerne system will be sim compulsory union agreement at British so far has led to m employees being di refusing to join a u

The opponents o agreement at Londo point to a recent b ing of the Transpo Staffs' Association to reject a closed sh

London Transpor there were no plan to extend the clos cover executive gra

Rolls-Royce warning to foremen

By Our Labour Staff

SOME 250 foremen at two Rolls-Royce (1971) gas turbine factories in Coventry have been warned by the management that they will be suspended without pay from Thursday if they do not resume normal working.

The warning follows a series of sanctions, including a ban on overtime, imposed by the foremen in support of their claim for a restoration of pay differentials.

In a letter to the foremen, who are members of the Association of Scientific Technical and Managerial Staffs, the company acknowledges that the foremen's pay is out of line with other workers because of the pay policy. But the letter pointed out that the company was unable to correct the anomaly until the pay policy allowed.

Continue

The management's letter claims that the company was "being seriously disrupted and even permanently hampered" by the foremen's action.

Meanwhile, a mass meeting of strikers at Rolls-Royce (1971)'s aero-engine factory at Blantyre, Scotland, will be held on Thursday to decide whether the three-and-a-half-month-old strike should continue.

About 500 employees at the factory are protesting at the company's decision to shut down production and transfer the workforce to nearby Hillington. The company says that no workers will lose their jobs and that it is prepared to pay a disturbance allowance.

NGA leader concern[ed] over unofficial disput[es]

LEADERS OF the National Graphical Association are concerned over the number of unofficial stoppages by its members, particularly those employed on the national newspapers.

Writing in Print, the union's journal, Mr. Les Dixon, NGA president, who has responsibility for negotiations with the national daily newspapers in London and Manchester, expresses his concern at the increase in unofficial action in this area.

There is nothing more damaging to the association and the undermining of its constitution and authority than having to inform any management that, although we have given instructions for normal working to be resumed, our memb[ers] are ignoring that in

This situation has more prevalent in han anywhere else. management action cause of resentmen that the best and sion to take is to normal constitution

"If we are confi right in any issue then make sure yo full weight of our behind you in order to a satisfactory co[nclusion]

Mr. Dixon promi members have a gri providing they abide stitution, the assu make efforts to ach factory conclusion.

Striking teachers are disciplined by union

THE NATIONAL Union of Teachers, Britain's biggest teaching union, has taken disciplinary action against 32 members for staging an unofficial strike.

The teachers, all from the Little Ilford school, Newham, East London, appeared before a disciplinary meeting of the union at the week-end. They will be told of the committee's decision later this week.

The teachers stopped work for one hour last month in protest against a warning from the headmaster that a teacher was in breach of contract for refusing to cover for another teacher who was on maternity leave.

Although the union has imposed sanctions in some areas, including non-cover for absent teachers, Newham was not affected and the te[achers had] no backing from executive. When to give, the union ing that it would again they were pending the hearin[g]

It is believed to time that the unio[n] its power to deal wi who stage unofficial

Work per[mits]

ONLY HALF the qu work permits alloca hotel and catering i 1976 will prove li taken up, Mr. J Parliamentary Und of State, Employmen General and Municip Union conference ye

'Delay pension participation'

BY ERIC SHORT

THE GOVERNMENT should await the findings of the Bullock Committee on employee participation before imposing a particular form in the pensions field, the Society of Pension Consultants has told Mr. Stanley Orme, Minister of State for Pensions.

In its representations to the Minister, the society emphasised strongly that the White Paper proposals for trade union appointments of member representatives of pension schemes would positively set back the progress towards industrial democracy.

This view represents a departure of a strong section of the pensions industry from the accepted position that member participation in pension schemes was outside the terms of reference of Bullock. Mr. Orme stated this quite definitely when introducing the White Paper and the other sections of the pension industry agreed with him on this point.

In its statement, the society felt that its view was supported by Mr. Eric Varley, Secretary of State for Industry. In the debate on the aircraft and shipbuilding nationalisation Bill he stated that industrial democracy must be developed to reflect the views and wishes of those who work in each industry and any attempt to impose a particular structure would be contrary to the idea of industrial democracy.

The society said this is exactly what the Government proposed to do with pensions. For that reason it was opposed both in principle and in detail to the White Paper proposals. It had always supported the objective of member participation in pensions but felt that this should be left to the members of the scheme to choose their own representatives.

Mr. Orme was told by the society that members of pension schemes with good member participation arrangements were very worried about the Government's proposals.

The society told Mr. Orme that it was concerned with the effects on employers of yet more complex and c pension legislation. It this could well deter ployers from setting tional pension schem detriment of the concerned.

London st[udy on] how to kee[p] local indus[try]

GREATER London carrying out a survey what action is needed dustry leaving Londo of 60 companies, check facilities needed to pe dustry to stay, shoul pleted by the end of

It is being carried junction with the Chamber of Commerce particular attention t needs.

Industrial problems through the survey referred to the GLC centre.

[illegible] من الأصل

The Management Page

EDITED BY JOHN ELLIOTT

JOHN WYLES profiles a shipping company which has diversified rapidly and added a variety of activities to its famous Blue Funnel Line

How student princes led Ocean away from the sea

OGANT, intellectually self-dent, puritanical in its dis- of ostentation—the profile ı Ocean Transport and ing presents to the world ł have sat comfortably on ace of many a successful ıern businessman 50 years Although it is now in's second largest ing company with interests ng from property in Singa- to high street grocery bution in the U.K., Ocean emained remarkably true ots put down in Liverpool than 100 years ago by d and Philip Holt.

two brothers founded the Steam Ship Company its famous Blue Funnel to put steam ships into hina trade and in the pro- they confounded experts claimed that steam ships d so much room for coal there would never be h space for cargo and agers. But the Holts did homework and then ed ahead with an un- ble belief in the correct- of their approach. Ocean's gerial style is not radically ent 111 years later. "We be fuddy duddy but by e get it right more often most other companies," is iew which permeates the corridors and cavernous in India Buildings, 's Liverpool headquarters.

rogance

s sense of superiority feeds eak of arrogance which hrough the company but is kept under control: it after all, threaten rela- with important business rs. In some ways Ocean goes to the other extreme eferring what one execu- alls a Liverpudlian "hair- iness" to the trappings of ss success. Its execu- are encouraged to travel l class on the railways ıe company's fleet of cars ıot include a Rolls-Royce. relative deprivation has cernible effect on the self-confidence of Ocean's manage- ment, which flows very strongly from the broadly successful experiences of the past 11 years. In 1965 Ocean was still recog- nisable as the company founded by the Holts 100 years before and was drawing more than 95 per cent. of its earnings from liner services to the Far East and Australia. But under the impetus of containerisation and its part in the formation of the Overseas Containers Limited consortium with P & O, Furness Withy and British and Common- wealth, Ocean rapidly embarked on an extensive programme of diversification. This has carried it into offshore supply services, bulk carrier shipping, inter- national air freight and most significantly, through the take- over of William Cory and Sons, into oil and solid fuels and groceries distribution, tugs and lighterage.

The company has been steered through this period of phenom- menal change by Sir Lindsay Alexander who is closer to being a public figure than any- one else in the shipping indus- try. Alexander joined Ocean in 1947 with a distinguished war record and an Oxford first behind him.

He was recruited as one of the company's "student princes" who were once the product of an unashamedly elitist selection procedure which was brought to an end only four or five years ago. Every three or four years Ocean would comb Oxford and Cambridge for their brightest undergraduates who, once selected, were put on the road to early advancement with the almost certain prospect of being appointed a "partner," as Ocean used to title its managing directors. Alexander was nomi- nated for Ocean by Humphrey Sumner, then Warden of All Souls, and although the former day boy at Alleyn's School, Dulwich also had the choice of an academic or foreign service career, he succumbed, as he says, to "the attraction of total ignorance," not least because the shipping company had been depicted as comparatively heavy on intellect and fond of "the use of analysis and debate to arrive at the truth."

This was ideal ground for the development of Alexander's dia- lectical style of management which combines a slightly pat- rician manner and donnish delight in intellectual specula- tion with a penetrating business brain and a shrewd understand- ing of people. He became chair- man in 1971 on the retirement of Sir John Nicholson and, under his firm guidance, discus- sion at Ocean Board meetings has been known to range from multi-million pound investment decisions to the probable rate of economic growth in Western Europe during the 14th century.

Ocean's transformation can be dated from the spring of 1965 when a dinner party was held to celebrate the birthday of Ronnie Swayne. Now chairman of OCL but then a partner of Ocean, Swayne is senior in length of service to Alexander but, like him, was recruited as a student prince.

On this occasion, Alexander and Swayne talked long and hard about the implications of containerisation and the risk, as they saw it, of the Australian Government encouraging the American container operator, Sea Land, to break into the U.K.-Australia trade. They agreed that British liner com- panies ought to move quickly to forestall this and Alexander prepared a paper for the Ocean board outlining the case for containerising the trade in a consortium. Within weeks approaches were made and agreement reached to set up OCL with P & O, Furness Withy, and British and Com- monwealth. The object was to containerise both the Australian and Far East liner trades in which the companies were involved.

The implications for Ocean were serious. Within a few years a major portion of the 60 odd ships in its liner cargo fleet would be redundant, with an obvious effect on its sea and shorebased staff. In a first move to broaden its base, Ocean acquired Liner Holdings in which it had long held a 38 per cent. stake. Liner was the parent company of Elder Dempster, the well established liner company which was the major British force in the U.K.-West Africa trades.

The Elder Dempster takeover helped to plug the operational hole opened up by the forma- tion of OCL but it was clear to Ocean that, as an almost exclu- sively liner company, it was exposed to the switchback "boom or bust" vagaries of the shipping cycle.

The decision was therefore taken to develop other busines- ses and between 1969 and 1972 Ocean vigorously elbowed its way into a variety of new ship- ping activities. Panocean Ship- ping and Terminals was set up as a joint venture with P & O as a by product of the creation of OCL to look after and expand the chemical trades in which the two companies were involved. At about the same time Ocean took the major decision to move into bulk shipping where general growth and profitability was then outstripping liner works.

Programme

As part of a £100m. ship pur- chasing programme, seven bulk carriers, one ore and oil carrier and two Very Large Crude Car- riers (VLCC) were acquired between 1969 and 1974. In 1970 a joint company was formed with Inchcape to move into the offshore oil supply business.

But a fundamentally new departure came in mid-1972 when William Cory and Sons, the long established fuel distri- bution company with other interests in lighterage, towage and tugs, was acquired for £57m. after a gritty takeover battle with Jessel Securities.

The amalgamation of Ocean and Cory was based on a man- agement structure designed earlier in 1972 by the Boston Consulting Group.

This devolved operational and planning responsibilities to individual businesses or groups of individual businesses, with central management, in the shape of the Board and its executive committee of three, looking after strategic planning, allocation of resources, budge- tary control, and also review- ing performance and manage- ment career development.

Sitting alongside Alexander on the executive committee was Mr. David Elder, who is now deputy chairman. A blunt and sagacious Scot, Elder had joined Ocean in 1971 after nearly 20 years in a variety of senior financial positions with Shell.

Before Elder's arrival, Ocean's financial controls were primitive and his achievement, according to Alexander, has been the "cre- ation of a financial administra- tion which will stand up to indefinite development and ex- pansion." Elder himself is extremely proud of the way in which Cory has been reorga- nised, blended into the Ocean structure and strengthened where necessary. His own role was crucial. He led a small liaison team, comprised of both Ocean and Cory managers, which analysed each aspect of Cory's business. Within four to five months the various sub- sidiaries were reporting accord- ing to standard Ocean practice while, over a slightly longer period, the Group reduced the total cost of the acquisition to around £37m. through the sale of properties and peripheral assets.

While Cory had had a 10 year record of steady profitability (£2.7m. pre-tax in 1970-71) its newly developed food and drink distribution company was losing money at the time of the take- over and until the current finan- cial year has continued to do so.

Subsequent reorganisation regrouped Ocean and Cory interests into the newly-named Ocean Transport and Trading. Most but not all, of Cory com- panies are now run by the Ocean Cory division whose managing director is Colin St. Johnston, a 41-year-old ex- Booker McConnell manager who joined the Group in 1970. St. Johnston's division has been given responsibility for McGregor Swire Air Services (MSAS), Ocean's air freight forwarding company whose efforts to acquire and then maintain a share of a fast grow- ing market have made heavy demands on Ocean's cash resources. MSAS and Cory dis- tribution were responsible for an overall loss in Ocean Cory during 1975 but for this year St. Johnston predicts a £2½m. turnround.

This will be an important contribution to forecasted profits of £32m. for 1976—nearly £10m. up on last year. This return will confirm Ocean's "blue chip" status in the market which has been valuing its shares at around 64 per cent. of net asset value, compared with 56 per cent. for British and Commonwealth, 50 per cent. for Furness Withy, and 34 per cent. for P and O.

Some problem areas in Ocean have been disposed of during the last three years and others still remain. Prominent in the first category were the two large VLCCs, Titan and Troilus, whose sale was forced on Ocean by the tanker surplus.

Another was Seaway Car Ferries, which came with Elder Dempster. This was shut down in 1972 after persistent losses.

With Ocean Cory now settling down, most of the immediate problems are connected with shipping. In 1971 Ocean plunged into the liquefied natural gas business and has a large carrier on order in France, the cost of which escalated from £25m. to £67m. The ship is due for delivery next year and a charter starting in 1979 has been obtained. Ocean is happy with the terms of the charter from Pacific Lighting, but it will not rest easy until the U.S. Federal Power Commission gives the go-ahead for the gas shipments on the Indonesia to U.S. routes on which the ship is to be em- ployed.

Ocean's five bulk carriers could also cause some anxieties over the next few years. After employment in two joint con- sortia these vessels will be coming out of charter this year and next at a time when there could be a real surplus of ships of their type.

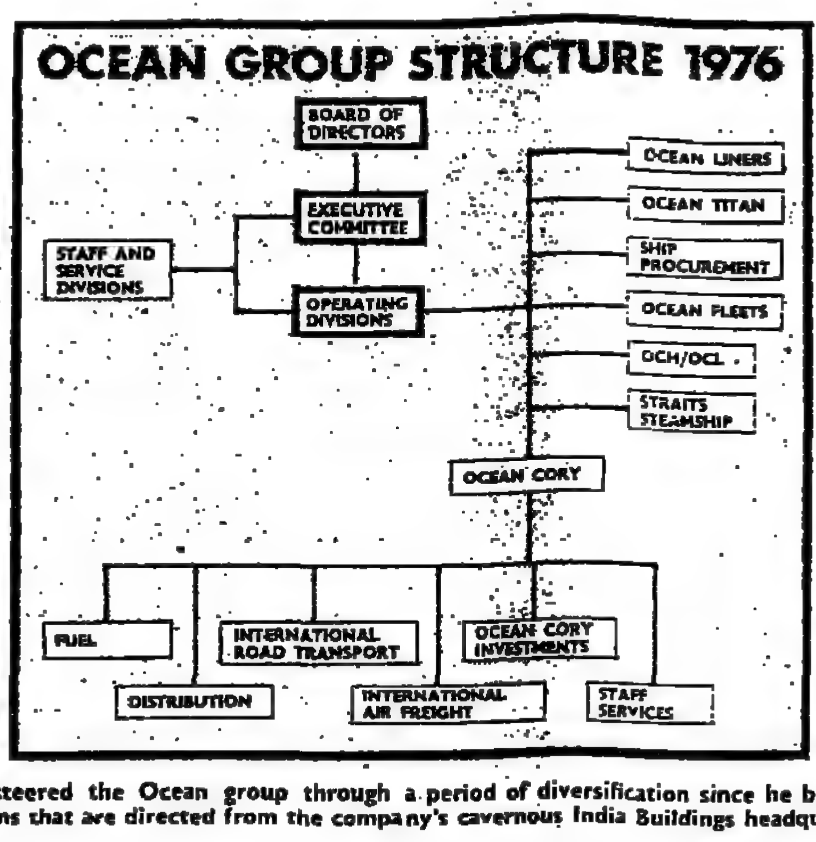
Bill Menzies-Wilson, recruited from British Steel in 1972, and now managing director of Ocean Titan, is responsible for tackling this problem. He is also respon- sible for Ocean Fleets, the Group's ship management com- pany which, for the first time in its history, is actively trying to market its services. This is partly a matter of necessity since Ocean's liner fleet, 120-strong in 1965, will fall to fewer than 40 ships in 1980. If Ocean is to maintain its employment levels and its highly successful cadet training school, "Aulis," on Merseyside, it needs other owners to put ships under its care. The liner fleet, whose average age is now a ripe 16 years, is to be renewed after several years of taking a back seat in the sharing-out of invest- ment.

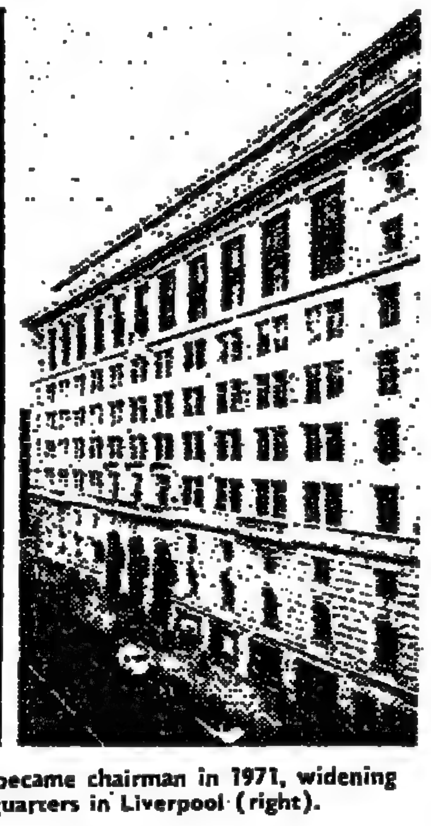
An intriguing puzzle—Alex- ander refuses to acknowledge it as a problem—is the question of managerial succession in Ocean. Company rules say that managers must retire at 60 which means that the entire executive committee—Alexan- der, Elder and Geoffrey Ellerton (a former colonial civil servant who looks after, among other things, management development)—will all be departing in 1980. "Dispositions have been made," says Alexan- der archly, while others are marking his card for him.

Few surprises

There will be few surprises if, in 1981, the executive com- mittee is comprised of Menzies-Wilson, Charles Lenox-Conyngham (ex-Wykehamist, ex-student prince, now managing director of Ocean Liners) and possibly Nicholas Barber (ex student prince, now general manager of Ocean Distribution).

Whoever emerges as chair- man will try to protect the sense of historical continuity which Ocean has surprisingly retained despite its transforma- tion. Some of its paternalism and sense of hierarchy is bound to disappear, but not its fond- ness for traditional values. As Menzies-Wilson says: "We have to be careful that we don't catch up with the rest of Britain."





Sir Lindsay Alexander (left) has steered the Ocean group through a period of diversification since he became chairman in 1971, widening the base of the operations that are directed from the company's cavernous India Buildings headquarters in Liverpool (right).

Leadership requires more than high IQ

BY MICHAEL DIXON

IT IS UNWISE to promote managers on the strength of their IQ according to a report on a study made of master of business administration graduates five and 10 years after they had left the U.S. Stanford Business School.

Line managers have special needs for leadership ability, the report says, and although those line managers studied were likely to have an average IQ lower than business graduates in staff positions below them, the line executives were "more effective in oral communication, which is primary to effective organisation leadership."

Even so the study, carried out by Thomas and Margaret Harrell, indicated that there was a link between high grades at the school and later earnings. Five years after graduating, those in the top third of their MBA class had, on average, monthly earnings $2‥0 higher than those in the bottom third. The corresponding gap 10 years after graduation was about $700 a month.

THE FINANCIAL TIMES
Established 1888
Incorporating THE FINANCIAL NEWS
Established 1884

Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026

TUESDAY, NOVEMBER 9, 1976

Falling pound hits prices

THE STEADY depreciation of the sterling exchange rate has naturally caused a steady rise in the average price of imports: in the third quarter of this year, according to the latest trade figures, this average price was almost 25 per cent. higher than in the third quarter of 1975. The cost to manufacturing industry of raw materials and fuel is swollen by the higher price of imports, and the index which measures these costs is a more up-to-date indicator of trends since it refers to the prices at which goods are ordered rather than those at *which they are landed*.

The index of raw materials costs for the food manufacturing industries is of obvious interest for the eventual price *of food*, which has a large weight in the index of retail prices. This tends to fluctuate from month to month because of special factors, and the fact that it rose by 4 per cent. in October against 6 per cent. in the previous month is probably less significant than the fact that it has risen by 11½ per cent. over the past three months. If this seems a high figure, it should be compared with the index of input costs for all manufacturing but the food, drink and tobacco industries, which was up by 2¾ per cent. in September but by 4½ per cent. in October. The fall in the exchange rate is again given as the main cause, with the repeated rider that there is a further fall to be reflected in the next month's figures.

Working through

This increase in input costs works its way through first into output prices and finally to the final prices paid by the *consumer*. The output prices of the food, drink and tobacco industries have risen by 8¾ per cent. in the last three months, but this is largely due to internal as well as external factors. Output prices for the rest of manufacturing industry, however, rose by 1¾ per cent. in October as against 1 per cent. in September: and, though this is said to reflect in part purely seasonal factors, the year-on-year comparison over the past three months has shown increases of 15½, 16 and now 16½ per cent. These increases may not work their way fully through into the index of retail prices for some months to come: but, given the increase in input costs already recorded and undoubtedly still to come—without taking into account *the probability of another* increase in oil prices next month—the prospect of an early reduction in the rate of domestic inflation is exceedingly dim.

So far as the balance of payments is concerned, export prices are still rising as fast or slightly faster than import prices and there has been little significant change in the terms of trade since the spring of last year. The external effect of the drop in the exchange rate will therefore depend largely on the level of world demand, the amount of spare U.K. productive capacity, and the extent to which cheapness makes up for deficiencies in other, less tangible respects, like design and delivery dates.

Wage restraint

So far as the internal situation is concerned, the drop in the sterling exchange rate will do much to offset the effect *of pay restraint on inflation*, though after a time gap of uncertain length. To the extent that the present pay policy is fully observed, therefore, real disposable income of consumers will be still further reduced even without a fresh package of measures by the Government. That in itself may *make it the more difficult to* ensure full observance of the policy after the turn of the year, especially if political differences within the Labour Party make trade union leaders less enamoured of the "social contract." The more serious danger, however, is that it will become even more difficult than it would in any case have been to agree on some more flexible system for the next phase which does not compound the inflation already in view with a fresh outbreak of very high wage claims. Excessive wage claims mean a higher level of unemployment; but it is not clear how far that fact *has yet sunk in*.

New deal needed for State industries

THE SALARIES paid at Board level in the nationalised industries are almost at the point which prices had reached two years ago. They have been held down for so long, and are so far out of line with comparable market rates, that an enormous leap is now required: that leap presents the Government with political problems which it would rather not face. Yet if they are not faced, recruiting and retaining top-quality management will become even more difficult. Low salaries are not the only reason why Governments find it difficult to persuade people to take up nationalised industry appointments: the absence of clear responsibility, together with the threat of interference from politicians and civil servants, is an even *greater disincentive*. But the best management will not be forthcoming unless competitive salaries are paid.

Organisation

No doubt the nationalised industry chairmen made this point to the Prime Minister at their meeting with him yesterday. But *it is not their only anxiety*. The discussion included the wider issue of the future organisation and control of the nationalised industries in the light of the *forthcoming report by the* National Economic Development Office. The NEDO study was commissioned by Sir Harold Wilson when Prime Minister in response to the widespread concern about relationships between Government and the public corporations. It is believed to make several suggestions for *reform, including the possibility* of supervisory boards on the German pattern: the idea would be to separate the setting of strategic objectives, in which Government representatives would be involved, from the day-to-day running of the business which should be left to the management.

Such an arrangement might have advantages, but to be effective it would require an iron determination on the part of Government not to manipulate the nationalised industries to serve short-term objectives, whether it is a matter of ordering a power station which the customer does not want or delaying a plant closure in a marginal constituency. Until there is a concensus in both parties on a hands-off policy, the managers of the nationalised indus*tries will not know where they* stand.

There are other organisational changes which might be helpful. Several of the corporations are unnecessarily large and complex; any steps to make them less so, whether by decentralising the management or by breaking them up into smaller units, should be considered. The Energy Secretary, Mr. Anthony Wedgwood Benn, is right to be sceptical about the claimed advantages of streamlining the electricity supply industry into a single monolithic organisation. A break-up of the Post Office between postal and telecommunications services has attractions, while there may be scope for splitting BSC into more manageable units.

Criteria

Most important of all, the Government must once again try to formulate criteria for performance which are intelligible and consistent. This is not just a matter of setting financial targets. The way in which the nationalised industries present their financial results makes it virtually impossible for outsiders to assess the efficiency with which they use resources. In view of the monopoly position which most of them enjoy, *productivity tests*, applied to manpower, plant and financial assets, need to be devised; international comparisons should be used wherever *possible*.

Higher oil prices will dampen international economic recovery. Ray Dafter and Peter Riddell report

Stronger world demand lends support to Opec hawks

MEMBERS OF the Organisation of Petroleum Exporting Countries will meet in Qatar next month in the knowledge that the world expects them to impose substantial price increases from January. And oil companies executives, politicians, economists and other commentators may rue the fact that they have been so liberal in their forecasts of rises ranging from 10 per cent. to 25 per cent.

For, in a sense, they have almost willed the price up. Each time they make a pessimistic guess about Opec's intentions they strengthen the hand of the more hawkish members, like Iran and Iraq, which will be striving to recover economic ground through big price increases.

The Shah of Iran said recently that a 15 per cent. increase would be the minimum acceptable. "Yet this would *amount* to a 25 per cent. cut in our purchasing power. We are forced to demand a price increase because our purchasing power has dropped nearly 40 per cent. since the last increase." Venezuela, the third largest producer, is another country expected to press for at least 15 per cent. to offset the effect of inflation and fluctuating currencies on its economy.

The desire to protect their purchasing power will be Opec's main argument in its case for higher prices. However the Petroleum Industry Research Foundation of New York is among those that have challenged the calculations now being used by Iran and other hawks. The Foundation maintains that since the last price rise in October 1975, the composite price index of imports into Opec, in U.S. dollars, has risen by only 2.7 per cent. If the first quarter of 1974, the period immediately following the four-fold oil price rise, is used as a base the index is seen to have risen by 25.8 per cent.

Nevertheless, Opec appears to be unanimous in its view that another price rise is justified. The way that spot market rates have been hardening in recent months might be taken as confirmation of this opinion. In the past few weeks the prices of certain key Middle East and African crudes have risen by 15 cents to 40 cents a barrel.

Spot consignments of Arabian light crude—taken as the pricing "marker" by the oil industry — currently being loaded are costing over $12 a barrel, some 5 per cent. above the present official level of $11.51. Market reports suggest that contract prices are now beginning to rise in sympathy.

It is a far cry from the situation in 1975 when, faced with depressed levels of demand, oil exporting countries were being forced to concede discounts on sizeable deals of up to 30 cents a barrel. What is more, credit periods were extended to 120 days. To-day 30 days' credit *applies in virtually all cases*.

The change in the pricing situation reflects rising demand, both long-term and transient. With the U.S., the major energy *user, increasing its import of* Opec crude, the free world's supply of oil is becoming tighter. Worldwide demand this year is running 5 per cent. to *6 per cent. above 1975 levels*; next year a further 3 per cent. to 5 per cent. might be needed. The U.K. and Norwegian sectors of the North Sea have made an initial, *if modest*, contribution to world supplies but Opec is still serving the bulk of demand. Its output in the first nine months was about 7 per cent. up on the corresponding period last year.

'Unrestrained buying'

In the shorter term, the recent rush of consumers to build up crude oil stocks in advance of the New Year price increase has given the spot market an extra boost. The authoritative Petroleum Intelligence Weekly sees a danger in this "unrestrained buying-rush." Opec, it says, could be encouraged to introduce a bigger rise than originally contemplated.

Once again, Saudi Arabia — the biggest producer — will probably urge its Opec colleagues to moderate their demands. However, it would be too much to hope, from the consumers' point of view, that Saudi Arabia's King Khalid will be able to prevent an increase, as he did earlier this year.

It is significant that the United Arab Emirates, which normally backs the Saudi Arabian moderate line has declared its intention to press for a rise from January, the first since October 1975. Its Oil Minister, Mana al Otaiba, *has said that his Government* will propose a 10 per cent. increase in the price of "marker" crude. Back in September, however, Mr. Otaiba said his country *would consider a 10-15 per cent.* rise "in order to reduce existin price differentials."

The apparent moderation of demands may have something to *do with the pleas for caution* now being made in consuming nations. The emergence from the 1974/75 economic recession has not been as strong or sustained as many nations — the U.S. in particular—had hoped. It can be argued that the world has still not fully recovered from the impact of the four-fold oil price rise in 1973. As one senior oil executive commented: "In these circumstances any further increase could push the economies of OECD countries off course; a large increase could make them totter."

Oil companies, like BP and Esso, must have an ambivalent attitude towards crude oil price increases, however. On the one hand, higher crude prices would improve the profitability of projects like the trans-Alaskan oil pipeline, or the development of North Sea fields. Studies carried out by Prof. Colin Robinson and Dr. Jon Morgan at Surrey University show that a 5 per cent. rise would improve BP's Forties Field profitability by 3 per cent.; a 25 per cent. oil price rise would improve the internal rate of return by 14.3 per cent.


King Khalid of Saudi Arabia

On the other hand, BP's petrol operation in the U.K. would be put under even greater pressure at a time when it is failing to keep pace with the effects of rising costs and the falling value of the pound. One of its main competitors, Esso Petroleum, announced a few weeks ago that it suffered a £7m. deficit in the first half of this year, largely due to currency losses and severe competition in the oil products market.

Companies are currently adding between 2p and 4p per gallon to the price of petrol, fuel oil and other products— the third increase in a year. And already the industry is talking about another round of price rises.

Against this background, therefore, the impact of Opec crude prices on the U.K. product market may not be all that noticeable. A 5 per cent. Opec rise might add a little over 1p per gallon to acr... barrel prices: 15 per cent. rise would add a notional 3p. Whether all of these increases can be passed on to all of the markets remains debatable, however. So far this year only the petrol market has shown real growth, and this could be affected by any mini-budget measures.

Economists have for some time been regarding a rise in the oil price of between 10 and 15 per cent. almost as a foregone conclusion, and using it as one of the assumptions in their forecasts for next year. A rise of 20 per cent. or more would, of course, undermine their calculations, but the view of most economists is that an increase in price in the 10-15 per cent. range has been taken into account and could be absorbed without excessively disrupting the world economic system, certainly by comparison with the effects of the 1973-74 rises.

The prospective rise does, however, come at a particularly delicate stage in the world economic recovery because rates of growth have slipped back sharply from the higher levels of earlier this year. This deceleration has raised qu... about the strength of the ... in the current economic ... as a whole. Neverthele... general view in most fo... published on both sides ... Atlantic is that the r... growth in the major ... countries—the U.S., Jap... Germany — should ... slightly from current le... early next year, but p... tail off later in 1977. Exp... is still likely to be lowe... envisaged in forecasts ... summer.

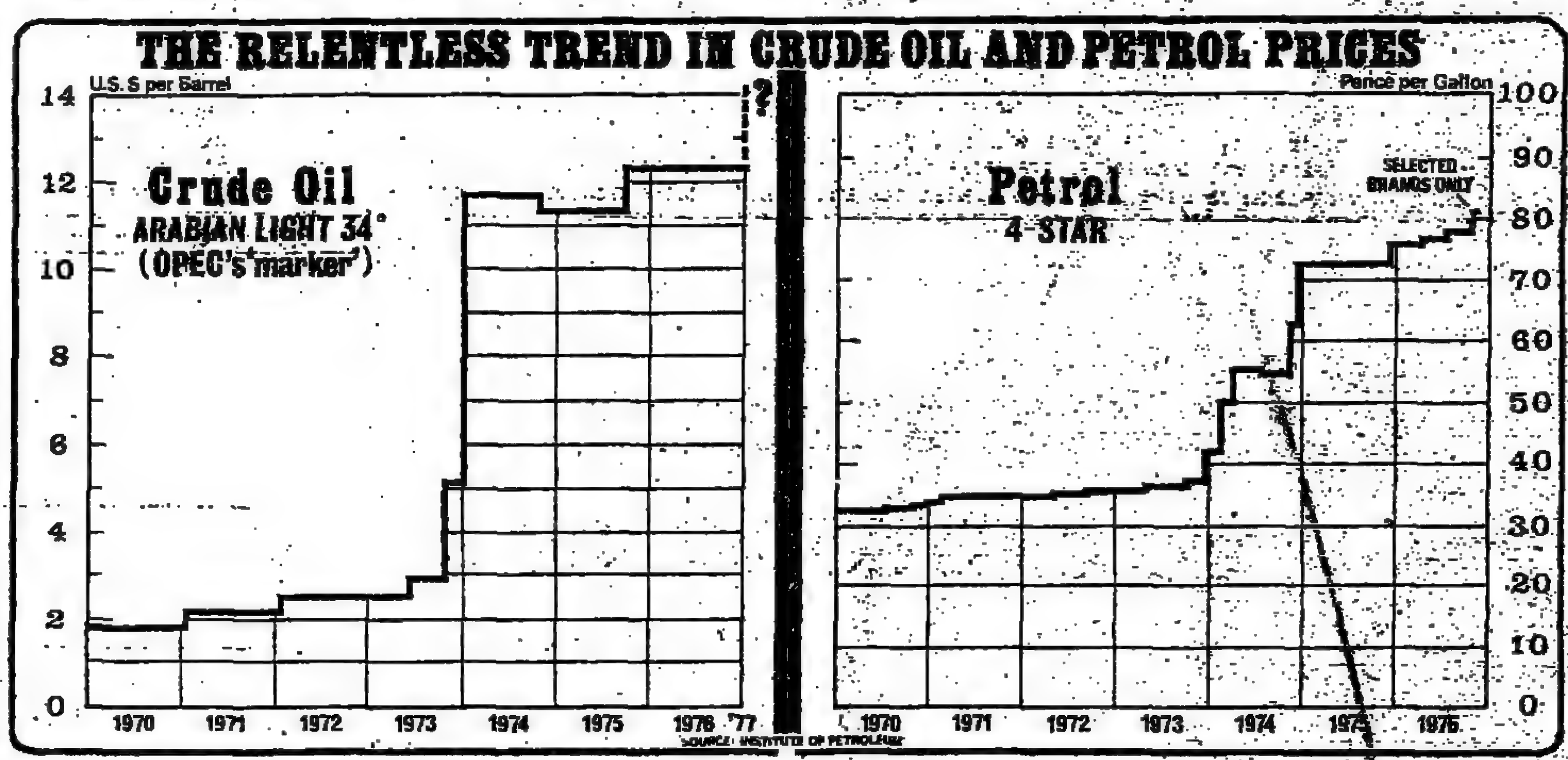
If this view is correc... an oil price rise in the ... of 10-15 per cent. sho... little more than slow do... recovery, though the ... may be more damaging ... oil producing, less-de... countries.

The impact on the ... economy is rather double... A rise in the cost of ... oil imposes another prol... add to all the others ... faces; but, offsetting ... part, there should be in... revenue from the buil... North Sea oil output. ... the increase in North ... an increase in price of ... barrel—or 13 per cen... next January—could ... oil import bill from abo... to £3.45bn. in 1977. T... fairly rough and ready ... tion taking account of ... week delay before a ris... through and assuming ... *consumption* of 1-2 pr... next year.

The build-up in the N... should, however, reduce ... pact. On existing oil ... *imports of oil might ha*... from £3bn. to £2bn. ne... but a rise of 13 per ... price might increase th... £2.3bn. So the adverse ... this rise on the visib... deficit could be about £... these assumptions and ... projections are extenc... 1978, when production s... higher, then the impact ... smaller.

These calculations are ... a wide margin of er... could be too pessimistic ... of the build-up in oil ... the past few month... sluggish consumption ... and a faster than antic... crease in North Sea o... For the U.K. economy ... the impact will ten... dwarfed by the far wid... of the depreciation of t... this year on raw ... costs generally.

A rise in the oil p... have one intriguing twi... U.K. when the proble... sterling balances is ... much discussed. It w... an additional inflow o... $15bn. into the oil-p... countries. This could ... *rundown of the Ope*... funds for the time b... may increase the amo... able for investment ... unlike 1974, its home ... will *not necessarily be*



MEN AND MATTERS

The gap left at LWT

The death of a key man at a critical corporate moment is bad enough, but some of the headlines that have followed the death of London Weekend Television's programme controller, Cyril Bennett cannot have helped. He was a man much liked in the business, one of those who maintained a sense of showbiz fun in an industry which has become increasingly devoted to the balance-sheet. He will be missed, particularly by the programme-makers, and leaves LWT managing director, Brian Tesler, with a considerably increased burden. The tragedy came immediately after the company's two-day conference on long-range programme policy, a conference to beat off the BBC attack which is hurting the ITV companies in the ratings war.

Tesler came to the LWT job from Thames Television as deputy chief executive two years ago and moved to his present job in June of this year. There seems little doubt why he was recruited. Although Telser made his name as a light entertainment programme-maker initially, his real reputation was as a pioneer of that esoteric art of scheduling. It is one thing to make good programmes; it is another to show them at a time when they will get the right audience. Tesler was introduced to scheduling under the wing of Howard Thomas at ABC-TV in the 'sixties and stayed with Thomas in the switch to Thames in 1968.

LWT schedules for the winter *of 1977-78* are now broadly decided, such is the lead time in television these days, and the conference last weekend was to outline plans for years beyond that. On past form Tesler may not directly involve himself in programming at all, apart from the short-term. If he goes shopping for programme makers the obvious choices are Bill Cotton, head of light entertainment at the BBC, and Philip Jones, light *entertainment* controller at Thames and a former Tesler colleague. However, undisputed champion of the schedulers at the moment is the BBC's Brian Cowgill. *Five of* the BBC's programmes in the Top 20 according to the latest Jictar ratings, are shown on a Saturday night.

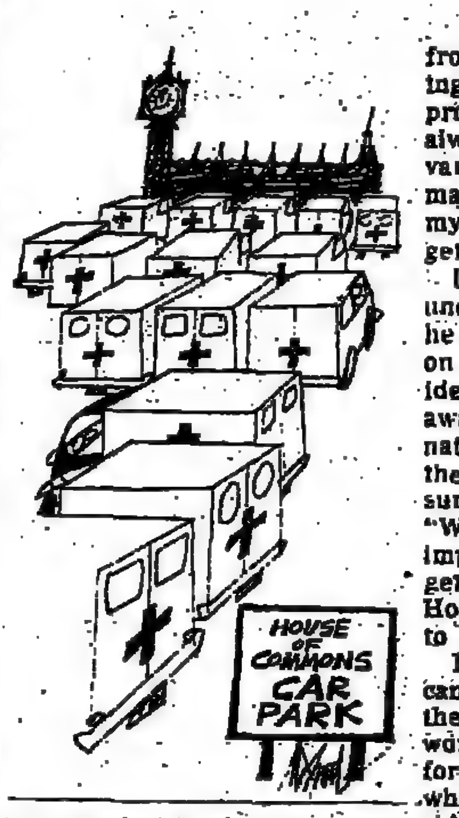
Far out

There were, as there always are, a vast number of television commercials during the American election campaign that has just ended. But the prize for originality, humour and effect must surely go to Malcolm Wallop, a wealthy Wyoming rancher who won an upset victory and is now the new Senator from that State.

Wallop, whose sister is married to Lord Porchester, who manages the Queen's racehorses, ran for the Senate as a Republican implacably opposed to "big" Government whose tentacles reach out even to Wyoming. In particular he took exception to a recent U.S. Labour Department circular which insisted that all agricultural workers should be within five minutes of "sanitary facilities" while at work.

Wyoming is a wild and sprawling State whose ranches often cover many thousands of acres. Lavatories, and just about everything else, are conspicuous by their absence. So Wallop set out to pillory the circular as an example of all that is worst in Washington.

His commercial showed a cowboy saddling up his horse at dawn against a beautiful Wyoming skyline. Then the camera cut abruptly to a portable lavatory attached firmly to his horse. The cowboy then rode off into the blue yonder to appropriate words and music dragging his "sanitary facilities" behind *him*.



Wallop says that the Labour Department is still quite unrepentant about its circular despite his commercial and all *the attendant fuss that it caused*. No doubt Senator Wallop's first task when he comes to Washington will be to see if the Department is now prepared to change *its mind*.

After Bellow?

"His memoirs, should he ever find time to write them, will fascinate the world." Thus Saul Bellow, in his book serialised in Sunday's *Observer*, on Teddy Kollek, mayor of Jerusalem. But Kollek has not found the time yet, and in London yesterday insisted he was here solely to promote other authors' efforts in Israel Book Week. He even said that nothing was further from his mind than fund-raising for his extensive building projects at home. "But I am always asking for support for various projects and like the man who accosts girls, I get my face slapped a lot but I also get some delightful *surprises*."

Living in Jerusalem is living under the world's microscope, he says—it means close scrutiny on matters financial as well as ideological, and a continuous awareness of the experimental nature of running such a city, of the constant challenges to its survival in its present form. "We have set ourselves some impossible targets. You can't get equality in one lifetime. How long did it take the Jews to get to St. John's Wood?"

Kollek's humour is, as you can judge, alive and well under the stresses of his job. The hard words, yesterday, were reserved for the British Government, which two weeks ago ended subsidies for publishers attending the Jerusalem Book Fair while maintaining the normal 50 per cent. cost subsidy for those attending the Cairo Book Fair, *and a few more for Henry* Kissinger, whose expected withdrawal from active international diplomacy is welcomed by many in Jerusalem.

"Many years ago I invited him to stay in the place where Saul Bellow just stayed and wrote *To Jerusalem and Back*—not his best book and it wouldn't have won the Nobel Prize, but *good* for us. Maybe Dr. Kissinger will accept now and write something to make up for the mistakes he made."

Over and out

Note spotted in a messages rack at Heathrow: "Peter, Waited three hours for you. I never want to see you again. Angela. P.S.—In haste, please excuse scrawl."

Observer

هكذا اصنه الأصل

FINANCIAL TIMES SURVEY

Tuesday November 9 1976

Japanese International Companies

Japanese imports have been attracting growing resentment while recession dogs Western industrial growth. But the Japanese are learning to overcome this barrier while maintaining the exports which are vital to their economy.

Learning export diplomacy

By Charles Smith, Far East Editor

IS being accused of ...ng European industry ...east certain industries) ruthlessly successful programme and by an ...s set of import regula... ...ich make it difficult for ...n companies to sell in ...

...vidence for the charge Japan will be running surplus on its visible ...ith Europe this year and ...me Japanese industries ...creased their sales to within a year by as much ...r 60 per cent. Europe ...n much less successful ... in Japan and has ...d dangerously close in ... few weeks to relieving ...trations by imposing a ...f unilateral restrictions ...rts of Japanese goods. ...hole affair could develop ...ade war between two of ...orld's major trading —with a third (the U.S.) nervously on as the ...ns erect their trade ... If Japan has really ...ngaged in an all-out to take over the world for certain industries deserve anything that does by way of retalia... ...he question is whether in fact the correct light ...ch to view the trade ...

Japanese can reasonably ...at the conspiracy theory ...ot fit. Japan did not ...usly plan six years ago its trade with Western was approximately in ...) to turn the EEC into ...m source of surplus exchange needed to pay oil imports.

Its motor industry never set itself to wipe out the British motor industry, although the Japanese were saying in the early 1970s that they did not see why their share of the British car market should be less than that of the major European car exporting nations. The complexity and, according to would-be exporters, perversity of Japanese import regulations appears to be more the result of bureaucratic fussiness (apparent also in other areas) than of any plot to keep foreign goods out of the country.

But while the Japanese seem to be able to explain away many of the complaints about their *trade relationship* with Europe they have not seemed very anxious up to now to put the trouble right. Bureaucrats at the Ministry of International Trade and Industry have tended to say that lack of success by a European exporter to Japan means simply that the exporter "*did not try hard enough.*" Even the alert and internationally minded *Keidanren* (the association of top business leaders which is Japan's much more powerful equivalent of Britain's CBI) seemed to be largely unaware of the EEC trade problem until its *president visited London, Paris and* Frankfurt last month.

Problems

The shock effects of the *Keidanren's* findings could now be about to produce results. Even so, it would be a mistake to think that anything that may result from the *Keidanren's* efforts is likely to provide more than short-term alleviation of the problem.

The basic problems which are *disturbing trade relations* between Europe and Japan are not ones which can be solved by a single mission of top businessmen. They can be *stated under three main headings*:—

First, Japan has to sell hard in Europe because of its isolated position in the world and the lack of major markets on its doorstep, whereas Europe, with markets all around it, has not needed to try so hard in Japan. Second, it has to maintain a permanent and massive surplus on its trade in manufactured goods in order to pay for the raw materials which make up 80 per cent. of its total imports.

Third, Japan relies on too few industries to make its living in the world (the principal ones are steel, ships, cars and electrical goods). This means that any Japanese export drive creates disproportionate problems for these same industries in other countries.

The steps which Japan can take to remove these difficulties have long been spelled out and are in fact starting to be implemented.

Taking the points in reverse order the answer to the third is that Japan needs to diversify its industry away from the over-concentration on "middle range" industries in which it *is so strong to-day. The answer* to the second is in some respects similar. New industries which consume less raw materials and provide more added value would alter the balance of Japan's trade away from its heavy stress on materials imports and free a larger portion of the country's *resources for manufactured* imports. The answer to the first could be that European exporters must now put their maximum effort into selling in the Japanese market, and that Japan must help them.

But the process of easing trade relations between Japan *and the rest of the world needs* to be viewed in a still broader context—that of the continuing internationalisation of the Japanese economy. Japan is now the third largest economy in the world after the U.S. and the USSR, but its foreign trade represents a low proportion of its *GNP* (approximately 12 per cent.). More important, Japan has remained at the stage of simple importing and exporting when other countries with *highly developed* economies have moved beyond this stage.

Japanese industry still acquires most of its raw materials in crude form and *processes them "from the* bottom upwards" inside Japan itself instead of allowing producing countries to do the initial processing. At the other end of the scale Japan tends to rely heavily on shipping completely built-up finished goods *from its own shores to foreign* markets rather than exporting a portion of the manufacturing process through overseas direct investment.

The most important change to come in Japan's industrial structure during the next decade could involve a shift away from this primary stage of internationalisation towards something more sophisticated. Because of lack of space in the Japanese islands and the increasing public preoccupation with pollution. several of Japan's major industries (for example, steel and aluminium) are starting to find that the cost of basic material processing in Japan is becoming prohibitive.

Reactions to this discovery include the $800m. commitment which Japan made last year to the Asahan aluminium project in Indonesia and a more recent commitment to a similar but still larger project in Brazil, as *well as the overseas steel*-making ventures recently embarked upon by Kawasaki Steel Corporation in Brazil and the Philippines.

So far as manufacturing is concerned two years of recession have produced something of a lull in Japanese overseas industrial investment, but there are signs that this is now going to pick up. Japanese motor manufacturers are becoming increasingly worried about public resistance to direct exports in Europe and the U.S. As a result both Toyota and Nissan are now talking of *establishing U.S. manufacturing* plants and Nissan is also thinking of moving into Europe.

In the electrical industry three top TV set makers (Sony, Matsushita and Sanyo) are now operating or about to operate in the U.S. either by taking over existing manufacturing *facilities* or *by* building their own plants. In computers, Fujitsu is starting to operate in the U.S. and may shortly have a base of some kind in Europe. The rush to invest outside Japan can come, in theory, from the attractions of cheap labour or the availability of cheaper raw materials. Most commonly, however, it seems to come nowadays from a well grounded fear on the part of the investor that his goods may be shut out of *some overseas market if he does* not start making them on the spot.

Overseas investment is going to cost Japan a lot of money over the next five to ten years (which, in turn, is going to mean that the country has yet another reason for maintaining a massive visible trade surplus). Investments licensed by the Government last year (but normally due for implementation a year or two later) were worth $3.2bn. or $880m. more than in the previous year of deep economic recession. By the end of the decade Japan expects to be *spending* $4bn. or so per year on direct investment. By the mid-1980s the cumulative value of its investments (now a modest $15bn.) will certainly overtake Britain's.

The use which Japan is going to make of all this money will vary from company to company and from industry to industry. In the raw materials sector the Japanese are showing themselves wary of investing in straightforward primary production ventures, except when they have reason to be seriously concerned about the supply prospects for a given material. Thus they would like to become involved in projects for the development of coking coal (of which there is a global scarcity), but seem less interested in iron ore mining ventures. At the manufacturing end of the scale Japanese companies seem to prefer setting up 100 per cent.-owned subsidiaries in Western countries (for example, the Sony and Matsushita plants in Britain). But they will willingly go into joint ventures in regions where the political situation seems to dictate this (in South-East Asia nearly all Japanese investment is on a joint venture basis).

Experience

Experience to date shows that Japanese managers are good at handling Western labour and reasonably good at delegating responsibility (and passing on their ideas) to locally hired executives. But none of this means that the next phase of "internationalisation" is going to be easy for Japanese business. The Japanese export invasion of Europe has aroused suspicions and resentments which will live on even after shipments of finished goods from Japan give way in part to local production.

The merit of direct investment as opposed to exports is that it creates employment in the host country and adds a human factor to the impersonal business of flooding a foreign market with a manufactured product. The Japanese are aware of these advantages of moving some of their industry out of their own overcrowded islands. In time their hosts may also become a little more glad to see them.

JAPANESE INTERNATIONAL COMPANIES II

The spreading network

THAT JAPANESE companies are international can hardly be debated in a world trade setting in which a principal issue is the export market penetration of Japanese firms. In 1975, no fewer than 68 Japanese manufacturing firms had export sales totalling more than $100m. each, from Nippon Steel's high of $2.5bn. to Minolta Camera's $102m.

Ratios of exports to total sales of more than 50 per cent. are not uncommon in those industries where Japan's competitive thrust has been felt most acutely—cameras, television, steel and the like. With 1976's export successes, these numbers are no doubt now much higher for many companies.

Investments outside Japan are another measure of internationalisation, and in this regard too many Japanese firms have a significant overseas position. Honda has investments abroad of more than $100m. with companies like Teijin and Toyo Kogyo not far behind in their foreign investment levels. Most of these are recent investments—until the late 1960s Japanese manufacturing investment abroad was negligible.

Also most of these investments are small, and it is too early still to judge their success in most cases. Still, Matsushita electric owns 50 companies incorporated abroad, Toray about 30, and Canon 25. The networks are spreading.

Numbers of foreign employees are still another measure of internationalisation, and here too some Japanese companies have substantial positions. Sony, for example, was reported to have more than 45,000 foreign employees in 1975, with Toray and Matsushita at about the 20,000 level. These clearly are substantial operations, in which foreign employees must be occupying positions of management authority.

This summary of the extent to which Japanese firms are international leaves out of account the ambitious networks of facilities and personnel that Japanese trading companies and financial institutions have been establishing over recent years. Indeed, it could be argued that given the effectiveness of the Japanese trading company in gathering information and carrying out sales activities across the world, virtually every Japanese company has access at a reasonable price to a significant international capability.

A preoccupation on the part of the Japanese with international markets is not surprising, nor is it recent. It has been much heightened by the linkage of export results to the national interest and to the building of a strong nation. Thus both economic interest and less tangible but powerful emotional interests came into play in ensuring a very strong concern with foreign market penetration.

The concern with foreign markets did not, however, until very recently, lead to concern with capital investment for a number of quite compelling reasons. No doubt the long under-valuation of the yen was a major factor. Like the West Germans, the Japanese looked at the cost of assets stated in over-valued sterling and dollars from the perspective of under-valued yen (and marks) and found investment unattractive. In the same way, exports from both West Germany and Japan were assisted by the relative position of the currencies.

The conclusion: invest mightily at home, and export as required. It might be added that this process leads to a concentration of investment in the home economy, with attendant cost benefits, to the relative disadvantage of U.S. and U.K. firms who dispersed their investments and no doubt suffered cost disadvantage from the dispersal.

Many other factors slowed interest in foreign investment. The presence and competence of the trading companies meant that marketing investment abroad could be deferred in the case of many products. Also the fast-growing domestic market, with ample labour supply, made domestic investment both attractive and feasible. And with the domestic economy a highly-protected one through the 1960s, the need to invest abroad as a strategic, defensive measure against a world competitor did not arise.

All of these factors have changed quite suddenly over the past five years or so. For many important industries, such as automobiles and consumer electronics, the domestic market is mature and growth must come from abroad. The domestic market is open to foreign goods—provided, of course, that foreign firms make an effort to enter—and thus strategy issues become important in terms of building a firm position in world markets.

Protectionism is now a problem abroad, rather than a domestic shield. This means that the trading company is a less attractive vehicle, since a firm market position in an overseas market requires sales engineering, after-service, brand and image investments and pricing care that trading companies are seldom in a position to provide. Finally, of course, currency values have shifted to make investment relatively more attractive and exports less attractive than before.

Thus, Japanese firms have over the past few years begun to be active not only in exports but also in direct investment. These levels of direct investment will grow rapidly. Some care should probably be taken, however, in reading Japanese Government projections of total investment levels. First, most of the amounts of investment have to do with raw material sources, rather than manufacturing.

It may well prove to be the case that Japanese firms can obtain by long-term contracts and modest investments in international consortia at least as great a security of raw material supply as can be achieved by a massive direct investment in less developed countries. Japanese sensitivity to the hazards of larg[e] ments in volatile cou[ntries] keen, and there is a c[...] ference for a low prof[ile] the amounts of direc[t] ment that MITI an[d] suggest may be oversta[ted].

There is a further [...] this international ma[...] area that should nor [...] looked. It is a curious [...] history that, just as Ja[pan] to, and is compelled t[...] international business [...] considerable complexit[y] ese business has the l[...] trained leadership f[...] issues that it will eve[r]

The problem is tha[t] eration succession. T[he] leaders of Japanese b[...] the post-war era w[...] trained in the 1920s a[...] when foreign study [...] mon and foreign post[...] in the business caree[r] normal pattern. Su[ch] figures as Ishizaka o[...] and Tashiro of Tora[y] this group, internatio[nal in]clination and experie[nce] have now largely pa[ssed] the scene.

Simple arithmetic [...] the current problem. [...] 55 to 60 years of age [...] born in 1915 to 1920 [...] university in the 193[...] when Japanese natio[nalism] at its peak, when E[...] not taught, and whe[n] the west was at a ver[...] Their early career [...] perhaps in the force[...] certainly not with [...] Co. in London or w[...] branch in New Yor[k]

Era

These are the pre[...] tors of Japan's comp[...] are the least inter[...] all the generations [...] modern era. The n[...] tion, born in the [...] university trained [...] war period, have liv[ed] and worked abroad [...] they are yet to enter [...] ranks of managemen[t].

Will there be Japa[nese inter]national companies [...] when? If one mea[ns] national companies [...] that produce wher[e] world costs are low[...] wherever in the w[...] are highest, that del[...] clude in their top [...] nationals of man[...] without regard [...] nationality, and t[...] their organisation [...] rather than nationa[...] there are no Jap[...] national companies [...] there be any within [...] more.

The logic of ec[...] of the market plac[e] increasing interna[...] This is a long way [...] velopment of a n[...] concept of the firm [...] national approach [...] decisions. The obst[...] development are n[...] the Japanese case [...] be greatest in term[s] row world-view th[...] tinue to character[...] managers.

James C. [...]
President Bosto[n ...]

Paying their way abroad

JAPAN NEEDS to have a permanent massive trade surplus and must continue to borrow heavily from overseas to finance its increasing direct investment abroad. Internationalisation plans will also require Japan to develop Tokyo into a major world capital market.

It was only after Japan's trade balance began to improve sharply in the early 1970s, with a resultant increase in the capability to borrow abroad, that direct overseas investment by Japanese companies started to rise steeply. According to official statistics, the outstanding balance of direct investments overseas increased from U.S.$2.5bn. at the end of 1972 to $8.3bn. at the end of 1975. The tempo of investment slowed down somewhat in 1975 under the pressure of the quadrupling of oil prices, but it has recovered the previous pace in recent months following a rapid improvement in Japan's balance of payments position.

In the same period from 1972 to 1975 the outstanding balance of overseas loans supplied by Japanese companies also increased, from $1.5bn. to $5bn. Meanwhile, Japanese banks' net short-term external position turned dramatically from net assets of $508m. at the end of 1972 to net liabilities of $13.5bn. at the end of 1975, partly because of the need to pay the increased oil import bill and partly to back up overseas lending, in many cases to Japanese companies, which have also issued large amounts of bonds and debentures abroad since last year.

Leading Japanese companies have good reason to expand their overseas investment. Local production in foreign countries will help them by-pass the barriers that may be built up against imports of Japanese goods. Japanese companies also want to increase the use of low-cost labour in the developing countries, because wage levels in Japan are rising and importing foreign labour into Japan is almost impossible. It is also becoming increasingly difficult to find industrial sites in Japan.

Assets

In announcing the end-1975 figures for Japan's external assets and liabilities, the Finance Ministry went out of its way to point out that the outstanding balance of direct investments is still very low compared with those of other major industrial nations. With the value of Japanese investments represented as 100, the comparative figures were 1,425 for the U.S., 453 for the U.K., and 179 for West Germany.

Mitsubishi Bank research experts said that profit margins from direct investment overseas by Japanese companies were substantially lower in 1975, at an average of 6 per cent. per annum, than the 14.3 per cent. recorded by foreign direct investment in Japan. This is because Japan's direct investment is only of recent origin and is concentrated mainly in the developing countries.

One estimate, made in 1974 by the World Economic Research Association, commissioned by the Foreign Ministry, predicted that Japan's overseas investment, mainly direct investment, would reach $27bn. by 1980. Many plans are being considered. For instance, leading Japanese automobile manufacturers are reported to be considering starting local production of small cars in the U.S. following in the wake of Volkswagen. Both Nissan and Toyota acknowledge that they are studying the problem from various angles since they received invitations from about 20 States in America, although they have as yet worked out no specific plans.

Abandoned

Toyota says it has abandoned its previous stand that it could not start production in the U.S. until the Japanese wage level came more or less in line with American levels. The company is now trying to decide if productivity in the U.S. is sufficiently high to warrant local production by Toyota and whether there is enough demand for Toyota cars to support the 200,000 vehicles a year output it is considering.

Japanese companies' investments overseas are made with their own funds, but they are encouraged or discouraged by the Japanese Government, whose approval is a prerequisite, according to the nation's balance of payments position.

The Bank of Japan set unofficial monthly quotas for investments of this type during 1975 when Japan's trade balance surplus declined. When the quota for the month had been filled, other plans were deferred until the following month or later. According to industry sources, this measure delayed some essential investments.

Construction of some plants and offices, which had already been in progress, had to be deferred because of an inability to secure funds for necessary materials and parts. Such developments adversely affected the efficiency of some Japanese companies overseas and lowered their profit margins, they said.

The Mitsubishi experts said a rapid increase in direct investments overseas was almost the only practical measure that could be used to improve Japan's invisible trade balance, which has deteriorated seriously since the "oil crisis."

The invisible trade deficit increased from $1,883m. in 1972 to $5,431m. in 1975, largely because of an increase in foreign ship charters by Japanese shipping companies, the higher price of bunker oil, a sharp increase in interest payments by Japanese Banks, and larger payments under other items, such as overseas office maintenance costs.

Mitsubishi experts also pointed out that most Western countries, except West Germany, have a permanent surplus in invisible trade balance. The surplus is especially large in the case of the U.S. and Britain, which receive large profits from their overseas investments accumulated over long years.

To increase direct overseas investments by Japanese companies will make it essential for Japan to maintain massive trade surplus permanently, but Mitsubishi experts are apprehensive such a development may not be tolerated by foreign countries. In recent months, imbalance in the trade account has been causing frictions with importing countries, even though the overall balance may be in equilibrium. Yet increased overseas investments are necessary exactly for the purpose of helping the Japanese economy free itself from its present pattern of increasing domestic production first and then making massive exports, they said.

In addition to the massive increase in the short-term external borrowing by Japanese banks, Japanese companies have been raising large amounts of funds through flotation of bonds and debentures. During 1973, issue of external bonds was practically banned by the Japanese Government, which feared an inflow of dollars might disturb the credit squeeze that was in force in Japan at the time. In late 1973 the ban began to be lifted slowly and external bonds worth $189m. were issued in 1974. Flotation of such bonds increased sharply to $1,587m. in 1975 as credit was eased in Japan and is estimated to have totalled $1,671m. during the first nine months of 1976.

Japanese companies have thus been among the biggest borrowers on overseas capital markets, although securities sources say the pace of their borrowings may slow down somewhat in 1977, as the Japanese Government fears that too large an inflow of dollars into Japan will increase her external reserves, now $16.5m., to an embarrassingly high level. Japanese companies appear to be unworried about the foreign exchange risks of borrowing in Swiss Francs or D-Mark. Between January, 1975, and September, 1976, Japanese borrowers issued 37 Swiss Franc bonds worth Sw.Frs.2,210m. and 22 D-Mark bonds worth DM1,485m.

Financial officials commented

Continued on next page

حلقة امنية الأجل

PANESE INTERNATIONAL COMPANIES III

Dominant influence within Asia

'S ECONOMIC presence Asian countries is indis- greater to-day than it January, 1974, when for- me Minister Kakuei oured South-East Asian and faced a barrage of nese insults. Yet, para- , the undercurrent of ent in poorer Asian s over Japanese "econ- mperialism" has died the point where both penly admit that their ortunes are inextricably pefully amicably) linked. nange is in no small part a fundamental review of e business ethics. the biggest single con- has been the economic n itself. It is hard to at the claim that slow n Japan has meant even rowth in the poor Asian s, but it is readily t. So, too, is the reverse otably in South Korea. closing the gap by the viable competitors to e business during slump.

tions

tionally about 80 per Japan's foreign aid has Asian countries, and s not look like changing. $2.6bn. awarded to Asian s in 1974 was in large d to Japanese exports te Japanese investment, more correct to assess s on these two counts: d investment.

's trade with Asian s breaks down accord- those who supply raw ls and those who do not. 1973 and 1975, Indo- Malaysia, Australia, New and the Philippines consistent surpluses in ade with Japan on the of booming world com- prices. In the first half year, the same was true for the Philippines, ctually took more than it lthough this deficit may ed for all of fiscal 1976). ely, the rest of Asia runs y deficit on trade with although the gap with its Asian trading partners and Taiwan—has nar- rowed in the last year. But the surplus with Seoul was still over $400m. in the first half, and over $500m. with Taipei (although the rise in exports to these countries on a year ago averaged 30 per cent., while im- ports jumped by 50 per cent. plus).

Deficits are the rule for Thailand, Singapore and Hong- kong, with whom Japan had a combined trade surplus from April to September of about $1.2bn. (or a fourth of Japan's world trade surplus in the period) Japanese exports also ran faster than imports with China and other Communist Asian nations, but this trade tends toward balance in the longer run because of exchange and credit restrictions observed in the Communist countries (with the notable exception of North Korea, which has defaulted on some sizeable Japanese export credits to that country).

All told, Asian partners account for 32 per cent. of Japan's exports, far ahead in importance of the United States (about 20 per cent.) or the EEC (about 10 per cent.). Neverthe- less, there was no awareness in Japan of any acute need to keep a balanced trade with Asia before the violent demon- strations of January, 1974. And after? Japan's attitude has begun to change, although it may be argued that the change still is cosmetic. Certainly, the trade figures show that Japan's import surge has been on raw-materials account, so it only helps a hand- ful of Asian countries. The others must make do, either off- setting Japanese imports with exports to non-Asian countries (like South Korea and Taiwan are doing so successfully), or simply cutting back on Japanese goods. But the latter option is not widespread since the big Japanese exports (steel products, fertilisers, etc.) are vital for development pro- grammes: there is very little demand elasticity, and alternate sources of supply are more costly. Viewed from the Asian side, moreover, Japan is a mar- ket that cannot be dealt with lightly. Malaysia and Thailand send more than 20 per cent. of their exports to Japan, the Philippines more than 30 per cent. and Indonesia about 50 per cent. So it is difficult for Governments (though not student demonstrators) to remonstrate too strongly.

Calming

If there has been a calming of the Asian waters since January, 1974, then, it is not because Japan is purchasing all manner of semi-manufactures from Asian countries which do not export raw materials, for Japan has made virtually no efforts in this direction (reflect- ing a policy applicable to its low level of imports from industrial nations as well). Rather, it is because Japan is doing business in Asia under a different set of rules, and these relate generally to invest- ment practices.

Japan's overseas investment in Asia has undergone drastic change in the past three years. The change was oil-crisis stimu- lated: in volume terms all over- seas investment peaked at $3.3bn. in 1973, dropped suddenly (after the oil crisis) to $2.4bn. in 1974, then rose in 1975 to the earlier 1973 level. Investment in Asia underwent the same fillip, and accounted for 30 per cent. of Japan's total in both 1973 and 1974, then recovered strongly last year to account for 33 per cent., still Japan's biggest area for investment abroad.

But the make-up of Japan's investment in Asia also altered, as much because of Asia's re- sentment of heavy-handed in- vestment policies as of the oil crisis. To illustrate this change, one need only look at the equity versus loan com- ponents of investment figures: in 1973, direct share investment was 60 per cent. of the total in Asia, making for a very visible Japanese presence in real estate, company ownership, etc., much as the Middle East pre- sence is being felt in Britain. In 1974, overall investment dropped by 27 per cent., but equity investment fell even faster, covering only 50 per cent. of the total. Then, in 1975, Japan's equity investment fell again in proportion to the overall level, and was only worth $314m., or 29 per cent. of the total invested in Asia (the remainder coming in the form of loans).

This move toward greater reliance on loan-giving had a dual purpose. First, it permits Japan a foothold in new Asian industries without generating claims that Japan wants control of those industries. Second, it responds to Asian partners' demands for greater financial resource flow out of Japan and into the region for development.

It is hard to assess how much of the change occurred as a result of government action or persuasion, but this new psychology of overseas invest- ment has percolated down to even the smallest Japanese business operating in Asia. Whereas for instance, Japanese companies would have insisted on nothing short of 100 per cent. stakes in Asian ventures five years ago, they are now settling for minority partner- *ships on the assumption that* Asian governments cannot politically allow any more than that. This does not mean wholly-owned subsidi- aries are ruled out, just that Japanese investors would not feel secure about them except in a very few countries for example, the Kawasaki iron ore sintering plant being built in the Philippines, which is 100 per cent. owned by the Japanese company. Another micro- economic proof of the pudding is in Japanese companies' greater willingness to train and employ local managers for Japanese plants. Still another is their willingness to fork over industrial know-how (at a price, of course) even when equity investment in a project is not envisaged.

Still, the bulk of Japanese equity and loan investment is self-centred, that is, intended for raw material projects, and so the prime beneficiaries are often the same countries who profit on trading with Japan. This is not likely to change soon, but as long as Japan curbs the most visible elements of its dominat- ing investment presence in the Asian economy, few countries can afford to protest.

Douglas Ramsey

aying

CONTINUED FROM PREVIOUS PAGE

hort-sighted Japanese ies were attracted by nediate low level of in- ates in Switzerland and ermany, but might find to repay the loans later e value of Swiss Francs D-Marks might have ated substantially. All issue plans require l by the Finance which issues strict to Japanese companies lerwriters concerned not their plans to the press rely.

actice, however, these are hard to observe, negotiations usually in- many parties and companies themselves blicity for prestige pur- apanese securities firms announced a plan to issue terms for con- debentures in the market to lure Japan- ers back from overseas but interest rates are stantially lower abroad, rnal bond issues by companies are ex- o continue unless a new queeze is introduced in the rigid domestic interest rate structure in Japan, in which many rates are determined through consultations with monetary authorities, has been hampering a bold opening of the Tokyo bond market.

The Japanese Government is also easing its ban on the supply of syndicated loans in dollars by Japanese banks, according to Finance Ministry officials. The ban has been in force since mid- 1974, when, following the collapse of Bankhaus Herstatt, Japanese banks had some diffi- culty in rolling over their six- month borrowings from the Eurodollar market to back-up massive syndicated loans they supplied during the 1972-73 period.

These loans were said to total $8bn at the time. Since late last year, the Japanese Government has been encourag- ing Japanese banks to supply syndicated loans overseas in Yen instead of dollars to open the way for the use of more Yen abroad. But there are limits to such private loans in Yen, while Japanese banks have been pressing the government to lift the ban, which they claim seriously handicapped their international operations. Lifting of the ban will also permit Japanese banks to borrow more Eurodollars for Japanese com- panies overseas.

Japan has been internation- alising its capital market to some extent.

The stock market has been almost completely opened to foreign investors, while many restrictions on foreign pur- chases of Japanese bonds have been removed since last year. In addition, the Bank of Japan has been selling Japanese Government and Government- guaranteed bonds direct to foreign governments and central banks, which wanted to diversify their external reserves by sub- stituting Yen for sterling and other currencies.

Quickened

The Finance Ministry has also quickened the tempo of its approval of yen-denominated bond issue plans by foreign issuers, mainly foreign govern- ments and international finan- cial institutions, to two issues in three months from one issue in three months, in view of criticism overseas that Japan was severely restricting its own market while borrowing heavily on overseas markets. However,

The Finance Ministry's plan to encourage Japanese exporters and importers to use more Yen instead of dollars in their short- term foreign trade financing, to reduce Japanese banks' heavy dependence upon dollar finance, has also been progressing slowly. Meanwhile there are as yet few signs that Japan will liberalise its foreign exchange market and dollar call market to make Tokyo really competi- tive with the Asian dollar mar- ket in Singapore. Yet many bankers and securities firms believe that flotation of large amounts of national bonds for covering budgetary deficits, which has been going on since last year, will eventually make it necessary for the Japanese Government and the Bank of Japan to internationalise Tokyo more substantially.

Saburo Matsukawa

Trading companies play a key role

JAPAN HAS a unique instrument for promoting its overseas business—the Sogo Shosha or "general trading company." Sogo Shoshas go back to the early stages of Japanese industrialisation. The oldest, Mitsui and Company, was founded 100 years ago as the marketing arm of the Mitsui commercial and industrial empire. Originally they were straightforward traders as their name suggests, but now their activities have become more complex and comprehensive.

The top ten trading companies handle about 50 per cent. of Japan's exports and nearly 60 per cent. of its imports with the leaders, Mitsubishi and Mitsui accounting for more than 10 per cent. each of trade in each direction. Mitsui and Mitsubishi each have well over 200 investments outside Japan in enterprises ranging from iron ore extraction and forestry to operating pizza restaurants.

Inside Japan the big companies (not only the two leaders but other trading company giants like Marubani, C. Itoh, Sumitomo Shoji and so on) have stakes in innumerable small and medium sized companies which frequently started out as their customers or suppliers (or both) and then were gradually drawn into the trading company orbit. Japan's fair trade commission published a report 13 months ago arguing that the trading companies were engaged in an aggressively expansionist policy which could threaten free competition.

One justification for this view is that the top trading companies have managed to maintain a considerably faster growth rate over the years than the Japanese economy as a whole. Mitsui, for example, recorded a 128 per cent. nominal growth rate in turnover between 1970 and 1974, while the Japanese economy over the same period grew at a nominal rate of 86 per cent. Mitsui's turnover was equivalent to 6 per cent. of Japan's GNP in 1975, and in the same year the top ten trading companies together had sales equivalent to over 50 per cent. of GNP.

Misleading

The monopolistic impression created by these figures is, however, misleading, according to the trading companies. The big Shoshas claim that an important part of their role is providing support, which can range all the way from market research to import and export financing, for small Japanese companies which lack credit standing with the big banks. The trading companies probably staved off bankruptcy among many smaller clients during the 1974-75 recession but they also lost in the process. The top ten holders of bad debts in the autumn of last year were none other than the top ten trading companies, with Mitsubishi Corporation (which lost money in the £350m. Kohjin bankruptcy) heading the list.

Apart from domestic bad debts there have been occasional cases of Sogo Shoshas burning their fingers outside Japan. The most spectacular was the involvement of Ataka and Co. (the tenth largest trading company) with the insolvent Newfoundland Refinery Corporation.

Another reason why the trading companies can claim not to be monopolistic is that they are definitely not repositories of huge sums of capital. The debt-to-equity ratio of the average big trading company is higher than that for Japanese industry as a whole, with Mitsubishi, for example, counting shareholder's equity as less than 5 per cent. of its total liabilities. The trading companies rely on massive support from the major city banks (not only those bearing the same name as themselves) for their ability to operate. Their "capital" is the skill and experience of a highly trained workforce. Mitsubishi has over 19,000 employees in its parent organisation and subsidiaries, of whom about 5,000 are overseas. Management grade staff in both companies and in the other top dozen or so Sogo Shosha are recruited from a handful of top Japanese universities.

It is simple enough to say that the trading companies overseas activities consist of buying and selling plus a certain amount of direct investment. What lies behind this generalisation is more complex. The trading companies are responsible for supplying the huge quantities of raw materials needed by Japanese industry (except for oil, which for the most part is directly imported by the oil industry). They have long ceased to rely on spot purchases in international commodity markets for meeting Japan's raw material needs.

Instead the trading companies master-minded the process by which Japan secured its material supplies over a long period by entering into five or ten-year contracts with suppliers. In cases where Japan has taken the initiative in developing some overseas material resources, the trading companies have done the negotiating and put up the money. Thus Mitsui has stakes in Australia iron and gas production, while Mitsubishi is in Australian coking coal.

The big trading companies do not export cars or television sets to any great extent (to name two of the recent yen trouble makers among Japanese exports). But they d[...] sales outside Japan a[...] inside it for a wide [...] other industries. The m[...] function which would [...] garded as an integral [...] most companies in t[...] is thus frequently sepa[...] Japan, with all that c[...] in diminished autonom[...] ing companies usually [...] foreign exchange risk [...] result from the fact tha[...] overseas trade is ma[...] ducted in dollars rat[...] in its domestic curren[...] can afford to do so [...] their role as both impo[...] exporters means that [...] the risks cancel each o[...]

The Sogo Shosha no[...] business for Japanese[...] They also conduct thir[...] trade (that is importin[...] porting between count[...] than Japan), and s[...] claim that this type o[...] accounts for 8 or 10 pe[...] total turnover. Fir[...] panies like Mitsui a[...] bishi have a string o[...] for foreign products [...] imported into Japan.

Differ

The big trading [...] claim that they can [...] door to the Japanese r[...] any European ma[...] with a suitable produ[...] is fair to say that [...] question on which [...] differ. A senior offic[...] Ministry of Internatio[...] and Industry recently [...] that European export[...] do better to trade [...] through nationally [...] trading houses rat[...] through a Japanese [...] trader which might be [...] to give full attention[...] products. There app[...] no simple answer [...] question of how an [...] should enter the [...] market, but the Sogo [...] quote plenty of succ[...] in this, as in almost e[...] line of business [...] entered.

Cultural promotion

JAPAN HAS been accused of being too aggressive in promoting exports to Europe and the U.S. It could equally well be accused of being excessively timid about another kind of promotion. Most major western countries now have ambitious and costly cultural interchange programmes, but Japan has arguably done too little too late in this area, with the result that its image in the minds of many people in the West is either out of date or highly unsympathetic.

French people, according to Japanese diplomats who have been posted in Paris, tend to dismiss modern Japan as "Americanisee." Americans continue to believe in a country of cherry blossom and geisha girls, without noticing the conflict between this image and the flood of cars and television sets pouring into their country. The Japanese Foreign Ministry would like to project a more balanced image, but its efforts seem to be handicapped by shortage of cash and a serious lack of confidence. Its lack of success in image building may be one reason why Japan so readily attracts criticism from foreign countries when the country's trade gets out of balance.

Japan's cultural interchange programme assumed its presnt form four years ago when the Japan Foundation was set up with Government funds to do a job corresponding roughly to that of the British Council. The Foundation has an endowment of Y30bn. (about £65m.). The eventual aim is to build the total endowment up to Y100bn., but this depends on the Finance Ministry's willingness to allocate funds in the national budget. In the 1976 fiscal year the Finance Ministry declined to allocate any more funds—so the foundation's endowment remained at Y30bn.

Stress

During its four years operation the foundation has placed its main stress on two regions of the world—the U.S. and South-East Asia—and on one particular kind of cultural promotion—teaching and personal interchanges. The foundation will spend a total of about Y500m., or roughly one-fifth of its total budget, on conducting these two types of activity in Asia this year and nearly Y1bn., or about 40 per cent. of the total budget—on the same two activities in America. The amount left over for Japan Foundation activities in Europe was not very great. Total European expenditure comes out at Y340m. or about 13 per cent. of the budget. In the U.K. this year hte foundation will be spending just over £30m. or about £70,000. The British Council, by contrast, expects to spend about £500,000 on promoting Britain's image in Japan.

The foundation apparently stresses teaching and personal interchange, partly because this has been the policy of other similar organisations (including the British Council) and partly because it is not very certain what other types of cultural promotion to undertake. Japan has no performing arts with the popular appeal of the Chinese acrobatic troupes which have toured the world in the past few years. It does have its own schools of drama and music, such as the mediaeval Noh theatre, the Kabuki theatre (developed in the 17th century) and the Bunraku puppet theatre, all of which have been sent abroad from time to time (Bunraku and Noh troupes have visited Europe this year.) Officials say, however, that they are not sure how much impact Japanese theatre makes on the outside world.

Problem

A basic problem appears to be that Japan does not know what people in other countries expect from it, and does not know how to start explaining itself. Another trouble seems tobe that some of the aspects of Japanese life which are most appreciated by foreigners *living in Tokyo*—for example, Japanese food and Sumo wrestling—are not the kinds of things which can easily be included in cultural exchange programmes.

Japan is also nervous of being accused of "cultural imperialism," most particularly in South-East Asia but to a lesser extent in other parts of the world. Foreign Ministry officials say that the Japan Foundation is interested, in principle, in teaching Japanese through its overseas branches (it now has ten of these including offices in London, Paris, Rome and Cologne). The view is taken, however, that language tuition should not be offered unless the Foundation's *opposite number* (the British Council in the U.K.) takes the initiative in suggesting that this should be done. Officials at the British Council regard this as an excessively low profile approach.

The Japan Foundation is said to be planning a European "offensive" in the near future. Apart from the Foundation there are and have been other positive moves by Japan on the European cultural front. Three years ago when the (then) Prime Minister, Mr. Kakuei Tanaka, visited Britain, Japan presented a cheque for $1m. to British universities for the promotion of Japanese studies. This does not alter the fact that, as of now, Japan is not doing enough to dispel the European notion that the Japanese are a nation of "economic animals."

C.S.

...PANESE INTERNATIONAL COMPANIES V

...pan...

...ro...

...he remainder of this Survey is devoted to profiles by Charles ...nith, Douglas Ramsey and Yoko Shibata, of ten Japanese com...anies operating in ten different fields of activity. They outline ...e way in which these companies have built up their overseas ...isiness, describe the different strategies employed and discuss the way in which their foreign involvement might develop

Dredging success

CONSTRUCTION: PENTA-OCEAN

...OCEAN sounds an un-...me for a Japanese com-... Mr. Tetsutaro Mizuno, ...sident of what has ... one of Japan's most ... *overseas construc-*... panies, says it was not ...nal choice. He planned ...e name "Five Oceans ..." when his family con-... looking round for a ...ternational sounding ... the early 1950s but a ...usiness friend told him ...d like a chain of res-... Penta-Ocean Construc-...sically a dredging com-...ich makes a living out ...xpertise in handling ... soil and rock forma-... has become famous in ... the company which ... future 15 years ago ... widening of the Suez ...nd is now benefiting ...ely from its foresight.

...Ocean won its first ...nal dredging contract ... *in an international* ... which it undercut the ...apest bidder by some ...ent. The company had ...ow heavily to build ... for the Suez job and ...at the contract was un-... There were serious ... when Penta-Ocean dis-... that part of the work ... excavating rock not the ...oil" mentioned in the ... contract (the president ... a piece in his office to ...e point). However, the ...s were pleased with the ... and Penta-Ocean won a ...nternational tender for ... of the Canal just ...he June 1967 war.

...uez operations were ... frozen after that, but ...pany resumed work in ...m January this year ... greatly expanded and ... contract backed by ... Government aid. The ...w under way at Suez is ... plan to make the Canal ... 150,000 dwt vessels by ... will be worth around Y50bn (more than £100m.) to Penta-Ocean, compared with the Y1.5bn. value of the original 1961 contract. The company hopes to be involved in post-1979 plans for further widening and deepening the Canal to take vessels of up to 200,000 dwt.

Egypt is not by any means Penta-Ocean's only international success story. It has about Y14bn.-worth of work under way in Qatar (where it was selected on the strength of its Suez performance) and has won international tenders for building a container terminal in Iraq. In Singapore and more recently Malaysia Penta-Ocean is building harbour facilities, preparing sites for major building projects, carrying out land reclamation projects etc. Its total work in the two countries has been worth about Y80bn. to date with over half of this concentrated in the past three years or so.

Risen

Overseas contracts were worth 4.8 per cent. of the value of all contracts won by Penta-Ocean in 1971, but by last year the overseas portion had risen to 38 per cent. Part of the reason for this very sharp rise comes from the fact that the construction industry is going through bad times in Japan itself as a result of cuts in Government expenditure on public works. Penta-Ocean expects its domestic business this year to be 20 per cent. below the level of 1975 which was itself not a particularly good year.

The overseas construction boom, with its emphasis on the Middle East, has kept the company in a reasonably healthy state, but Penta-Ocean says there are limits to the extent to which it can become dependent on foreign business. One of the major problems is that of stationing large numbers of staff abroad for long periods in parts of the world where schooling and living facilities may not be good. Penta-Ocean currently has about 800 people working in the Middle East and another 200 in Singapore. Living conditions for the Suez Canal workforce are reasonably good, the company says, but less good in Iraq where business has been growing fast recently.

Mr. Mizuno points out that Japanese construction companies are no longer the cheap bidders on international contracts that they could afford to be when Penta-Ocean got its first Suez contracts. Nowadays Korean and Indian construction companies make the cheapest bids in the Middle East, with the Indians, in particular, quoting prices which may be as low as one-third of the Japanese level. Penta-Ocean gets business these days, according to Mr. Mizuno, because of its expertise and its reputation for reliability rather than its prices. Japanese aid to Egypt has helped as well, of course, and so has the presence of many Japanese investors in Singapore industry.

Penta-Ocean is a publicly quoted company linked to the Fuyo commercial and industrial group which centres on Fuji bank, but it has only been at the centre of the Japanese business world for a comparatively short time. The company was based in Hiroshima until after it won the first Suez contract, and it was mainly from Hiroshima that it raised the funds needed for carrying through the first stage of the contract. Mr. Mizuno himself is lucky to be alive and running Penta-Ocean. His father was killed by the Hiroshima atomic bomb (which also flattened most of the company's installations). He was out of town when the bomb fell and survived to turn what had been a small family construction business into a major international enterprise.

C.S.

SECURITIES: DAIWA

Pioneering ventures

MR. YUKIO HOSOI, who runs the international section of Daiwa securities, was originally transferred from the home side because his boss thought he needed a "rest cure" after a *six-month spell in hospital*. Today Daiwa's overseas business is one of its major growth areas, and Mr. Hosoi has a long list of the company's "firsts" outside Japan.

Daiwa helped to promote the development of the offshore capital market in Singapore and formed the first Singaporean joint venture merchant bank (DBS-Daiwa, in partnership with the Development Bank of Singapore). It spotted the emergence of the Middle East as a source of offshore dollars before the oil crisis and is the only Japanese security company to have a man in Jeddah (in the offices of the Saudi Arabian Investment Company in which Daiwa hopes eventually to be allowed to acquire a *capital stake*).

Daiwa has pioneered Arab-Asian dollar bond issues and Euro-Asian issues and has managed overseas bond issues by non-Japanese companies. Its next new venture in the international securities business is likely to be in Europe, but Mr. Hosoi is not giving away any secrets about the details.

Daiwa's international business began to assume importance at the end of the 1960s when a bout of inflation in Western industrial countries turned the attention of investors first towards gold and subsequently towards some of the world's less familiar stock exchanges, including Tokyo. In 1968 Daiwa had two overseas offices, in London and New York. Its London office worked a six-day week from the start, which meant that it could supply potential investors on Monday mornings with complete data on the previous week's market in Tokyo.

Largest

Its New York office, in 1969, secured what remains the largest single overseas order for Japanese stocks ever handled in the company's history—a $130m. order for a mixed bag of Japanese growth stocks from Dreyfus Fund. Big foreign orders for Japanese stocks do not nowadays exceed $20m. or $30m. at a time, Daiwa says. In any event the U.S. has been down-graded as a source of investment funds, accounting for only 20-30 per cent. of the total inflow into Japanese equities, with at least 50 per cent. coming from Europe, and perhaps 25 per cent. from Hong Kong. However, Japanese securities companies have long since passed out of the initial phase in which "foreign business" meant simply selling Japanese equities to overseas investors.

The broadening of Japan's *international relationships* in the late 1960s and the strengthening of its balance of payments meant that securities companies became involved in buying foreign stocks for Japanese investors and in introducing foreign borrowers to the Tokyo capital market. In the post-oil crisis phase securities companies, including Daiwa, had to give up these latter activities for a while because the balance of payments was once again under strain. But there was no pause in the development of other kinds of international activities.

One of Daiwa's objectives outside Japan to-day is to make a name for itself as a provider of merchant banking services. This is something securities companies are prohibited from doing in Japan itself but which the Finance Ministry permits on foreign territory. One of the services Daiwa has in mind is the provision of "go-between" services between Japanese and foreign companies looking for joint ventures or mergers. It has two successful "marriages" to its credit in Saudi Arabia, one between Mitsui Real Estate and a Saudi partner (for housing development) and one between Nippon Yusen Kaisha (NYK) and Saudi interests for starting an oil tanker shipping line under the Saudi flag.

In America Daiwa brought together Shin Nihon Electric and Curtis Mathis of Texas in a deal which resulted in $1m.-worth of Japanese financing for the U.S. partner. Daiwa does not collect commissions from its Japanese clients when supplying go-between services but does get commissions from the overseas companies involved.

Daiwa has yet to be granted a banking licence by the Bank of England but in the meantime is accumulating European banking experience through its Amsterdam subsidiary, Daiwa Europe NV. Apart from Europe, which it clearly sees as a growth area, Daiwa is interested in the development of offshore capital markets in Asia—not just in Singapore, though that may remain the main centre, but also in Hong Kong, Manila, Kuala Lumpur and elsewhere. Mr. Hosoi says international business will represent 30 per cent. of Daiwa's turnover in five years' time compared with its present share of 10 per cent. "It could reach 50 per cent.—but that would be too much," he adds with an uncharacteristic note of caution.

C.S.

...Differ...

...uture ...eratio... ...urity

Shrewd investment

CONSTRUCTION MACHINERY: KOMATSU

THE REASON why Komatsu has become a major force in the world market for construction machinery is that it once had to fight hard for its position in its own home market. Komatsu is Japan's biggest (and its only significant) domestically owned construction machinery maker. But a joint venture between Caterpillar and Mitsubishi Heavy Industries which was formed in 1963 has more than one-third of the Japanese market and would probably have a great deal more if Komatsu were less efficient.

In order to stay ahead of Caterpillar-Mitsubishi in the fast growing domestic market of the 1960s Komatsu expanded its domestic sales in Japan by an average of 29 per cent. per year up to the oil crisis year of 1973. The company was wise enough, however, to realise that the home market could not grow at 29 per cent. a year for ever. Because of this it started preparing the ground for a major onslaught on world markets as long ago as the mid-1960s.

These preparations stood Komatsu in good stead after the Japanese construction industry started to collapse following the oil crisis. The company estimates the home market for construction machinery to-day at half what it was in 1973. But its exports between 1973 and 1975 have quadrupled. Last year it was Japan's 12th biggest exporter, with total foreign sales of just over Yen200bn. (over £400m.).

The first step in Komatsu's export build-up was taken in 1967 when the company opened its *European subsidiary* (Komatsu Europe NV). During the next six years subsidiaries were formed in the U.S. (six branches in all) Mexico, Panama, Brazil, West Germany and Singapore, while representative offices were established in a dozen or so other places.

Komatsu's exports were running at about 20 per cent. of its total sales on the eve of the oil crisis and were probably far from sufficient to justify this massive investment in foreign outlets. The last three years, however, have made the investment pay off—and demonstrated the speed at which a really well-organised Japanese company can conquer world markets.

Komatsu points out that it took full advantage of the Middle East construction boom which followed the quadrupling of oil prices in 1973 (it was well placed to do this because it had opened a Jeddah office as far back as the mid-sixties).

It also got most of the construction machinery business generated by the big Siberian natural resources projects which the Soviet Union was initiating in the early 1970s. Komatsu denies that it undercut the export prices of Caterpillar (still overwhelmingly the world leader) in order to carve a stake in the construction machinery market. It says its international sales have been running at about 25 per cent. of those of Caterpillar during the past year or two and it is not engaged in a bid to force the American giant out of the market. However, Komatsu notes that other European and American companies have tended to drop out of the industry recently, leaving a bigger slice for Caterpillar and Komatsu to share between them. Komatsu also claims a technical lead on some products.

Bulldozer

The proudest exhibits in the Komatsu product range are a radio-controlled amphibious bulldozer which can be used in seven metres of water (exported so far to the Philippines and Austria), an underwater bulldozer which can operate down to 60 metres, a semi-silent electric bulldozer and the "iron mole" underground pipe laying machine which can lay narrow diameter pipes underground without previous excavation.

Komatsu's phenomenal export success meant that its factories were operating at virtually full capacity up to the end of last year, when most other Japanese industries were cutting back operations. This year life has been less easy. The Middle East market has contracted because of balance of payment problems in some of the oil exporting countries and there have been fewer Soviet orders. Komatsu is also coming up against import barriers of various kinds in markets where it had previously been able to sell freely.

The company predicts that exports will be down by 10 per cent. on last year (some outsiders estimate the fall at 20 per cent.) and says the share of exports in its total sales will be 50 per cent. (55 per cent. in 1975).

Komatsu thinks a rise in oil prices this December may put some life back into the Middle East market but it is quite obviously not going to sit back and let OPEC sell its bulldozers for it. It has other options including local manufacture in countries where import barriers are building up and the expansion of non-construction machinery sales.

About 30 per cent. of Komatsu's total turnover is in fields other than construction machinery, including industrial vehicles, presses and specialised machine tools and forging equipment. These fields may be extended if bulldozers come up against a temporary barrier.

Komatsu says that it is not in principle enthusiastic about the idea of shifting bulldozer and other construction machinery production out of its Japan plants to overseas sites. It is extremely hard, the company argues, to match the economies of scale that have been achieved in Japan in any foreign country. Because of this there will be no Komatsu production in Europe in the foreseeable future and probably nothing in Iran, despite the obstructions recently raised to direct exports by the Iranian Government.

However, reluctance to set up production facilities overseas is not absolute. Komatsu has gone into direct manufacture in Mexico and Brazil where markets are big enough and Government incentives have been generous.

Komatsu has a history of shrewd investment in technical and other kinds of collaboration with foreign companies. As an instance of its originality in this area it recently signed a one-year renewable contract with the U.S. company, Pullman Swindell, under which the two companies will exchange information on world-wide plant projects and if possible collaborate in bidding for contracts. Many Japanese companies have been reaching the conclusion, recently, that tie-ups with foreign partners may be the best way of maintaining export momentum in future but Komatsu is one of the first to put the principle into practice.

C.S.

A Komatsu amphibious bulldozer. The operat... in the foreground.

Diversifying fast

TEXTILES: TEIJIN

TEIJIN IS the largest polyester maker in Japan. It is also known for its adventurous diversification policy which has included a variety of overseas projects. "Since every star product has a life span we have to prepare the debut of the next leading product," says Mr. Seijiro Yamada, the vice-president responsible for "future enterprises." The principle that stars wane is based on hard experience accumulated during Teijin's 50-year history.

The decline of rayon and the appearance of nylon presented difficult problems which reached a climax in 1971 when Teijin withdrew completely from rayon manufacture. At present, polyester accounts for 51 per cent. of Teijin's total sales but Mr. Yamada and others are worried about over dependence on a single product. This fear provided the motive for establishing the "future enterprise headquarters" which has masterminded Teijin's colourful diversification into such fields as education, medicine, food, housing, cosmetics, car imports, oil exploitation, and cattle farming.

The industry on which Teijin placed its biggest hopes when it launched its diversification programme was oil exploitation. The company has invested in eight overseas oil ventures since 1970 including three *major projects in Nigeria*, Iran and Malaysia. The most promising of the three, in the Nigerian offshore concession area, has now reached the stage of economic evaluation of oil-bearing strata. Teijin's biggest investment, however, was in Iran where it discovered gas after drilling nine test wells, but no oil. The oil programme has cost the company Y7.2bn. up to now and Teijin says it will have wait "several more years" for the investment to pay off.

Next to oil Teijin is putting its faith in the success of cattle raising ventures in Brazil and Madagascar. A 100 per cent. Teijin-owned cattle ranch was established in Brazil in 1974 and now has 16,000 head of cattle (the eventual target is 60,000, to be reached in five years). Teijin's President, Mr. Shinzo Oya, chose ranching in accordance with the dictum that industries connected with housing, clothing and food are safe even in recession because they are linked to "basic human needs."

Venturing outside basic human needs Teijin has made a name for itself as the Japanese partner in Teijin Volvo, a joint venture company founded in 1974 to market the Swedish company's cars in Japan.

None of Teijin's new ventures have shown enough promise yet to become the "main pillar" which may one day be needed to replace textiles. It may be just as well, therefore, that the company has been highly successful in its overseas ventures in the textiles industry itself. The biggest of these is PT Teijin Indonesia Fibre Corporation (Tifico) a joint venture for the production of polyester fibre yarn for which Teijin put up 80 per cent. of the capital. Part of Tifico's production line came into operation in March this year and the company will be in full operation by next spring. Teijin says its overseas operations usually take three years to make a profit and pay dividends from the fourth year on.

Teijin also went on the U.S. this year, establishing a plant for the production of p... chips and will be ope... first European plant (in... in 1978. Adding the o... these new plants to exis... put from its five other ... ventures (in Korea, Tai... Philippines, Brazil an... nesia) Teijin says its ... production will account ... of its total capacity of p... fibres by 1978. In th... year its share of world p... output should be abou... per cent.

Teijin's overseas ... vestment policy is base... conclusion that newly i... lising countries are bou... place Japan from les... lised areas of the ... industry. The compan... is certain to be ... squeezed out of its ... South-East Asian mar... direct exports from Jap... in fact, anticipating a ... in which Japanese join... companies in South-E... may eventually suppl... cent. to 30 per cent. o... own textile imports. A... seas markets, Teijin s... are already cases w... parent company in ... competing with its su... in South-East Asia for... the Middle East, the C... world and the U.S. ... hopes for the future d... accepting, and as fa... sible working with ... South-East Asian prod... stressing quality and ... tion in its domestic o... and, eventually, on findi... thing other than textile... vide its bread and but...

Momentous decisions

STEEL: KAWASAKI

BEFORE THE oil crisis the Japanese Government was encouraging heavy industry to go overseas, not least the steel industry. Companies began to scout for sites and terms. Then came the oil crisis, slower Japanese growth, and Tokyo cooled to the idea of exporting jobs. All but one of the major steel companies took their cue from the Ministry of International Trade and Industry and shelved plans to build steel plants abroad. Kawasaki Steel Corporation was the exception, and for better or worse, the world's number-nine steel producer is now tied to overseas expansion for its future profitability.

As Kawasaki executives frequently point out, the formal decision this year to help build a mammoth steelworks at Tubarao in Brazil is as momentous as the decision in 1951 to build Kawasaki's first integrated steelworks in Japan. Before that, the steel company relied on its competitors for pig iron supplies, and most experts thought Kawasaki crazy to go into the costly new venture. To-day, the other steel companies think Kawasaki a bit foolhardy for sticking to its overseas expansion plans. The world steel market, they say, is oversupplied with production capacity, and the Japanese steel market is growing slower than it had done in 20 years.

Kawasaki's logic for going abroad is triangular. First, the company has no room to expand at its two production sites in Japan (unlike the other steel majors), so any capacity increment had to come from overseas. Second, Japanese steel producers depend on foreign suppliers for their iron ore. Kawasaki thinks it can best get a supply guarantee if it works closely with and in the supplying country. Hence the decision in 1974 to invest $200m. in a sintering plant on Midanao Island in the Philippines; the decision last August to lead a group of five Japanese companies into a 49 per cent. stake in the Capanema iron ore mines of Brazil (even though all the steel will be marketed by Companhia Vale do Rio Doce, the *majority partner*); and the final agreement, also in August, to take a 24.5 per cent. share in the Tubarao steelworks alongside Italy's Finisder (also 24.5 per cent.) and Brazil's CVRD (51 per cent). And third, Kawasaki reasons, if there are growth markets abroad, why not produce there?

Although Kawasaki officials are loath to admit it, the Japanese market will not be able to absorb all Kawasaki's share of Tubarao Steel when the works starts up in 1980. So they are bound to supplant, or at least supplement, Japan's direct steel exports abroad, especially if and when direct exports become the target of selective import controls in, say, Europe or America. Kawasaki officials deny this was even imagined when the company first thought of going into the Tubarao venture.

Iron ore purchases and overseas production, however, are only two pillars of Kawasaki's new international edifice. Another, though less important, one is to expand the company's engineering sales abroad. Kawasaki came, admittedly, late to the game pioneered ten years ago by Nippon Steel. But since its engineering services department was created in 1973, sales have risen quickly (to $7.8m. in 1975) and Kawasaki expects rapid gains in this particularly profitable sector as steel industries get off the ground in developing countries.

Are there limits to Kawasaki's expansion abroad? If so, they are ones of available capital and prospective markets, so the company will probably wait to see some results from its Philippines and Brazilian undertakings before making further commitments overseas. Earlier this year, for instance, Kawasaki completed (with Mitsui and a Dutch-German group) a feasibility study on a proposed direct reduction steel mill in Trinidad and Tobago. They concluded that the project, for now, would be uneconomic. A decision to proceed with or drop plans for the mill will be made shortly in talks with the government, but for its part, Kawasaki clearly thinks that the operation would not be profitable enough to justify a further push overseas now.

Still, Kawasaki is keeping its options open. Together with Amax, of the United States, the Japanese company is assessing the feasibility of tapping the 805m.-ton Wologisi iron ore reserves of Liberia, even though to be remotely economic the ores would have to be shipped to Europe or the U.S., not Japan. As yet there has been no decision on the project, but Kawasaki is interested, a clear indication that it is one Japanese steel company that reckons its future may be brightest in selling to overseas markets from overseas bases. If Kawasaki proves successful at this, its Japanese competitors will have only their fear of risk to blame for their late start.

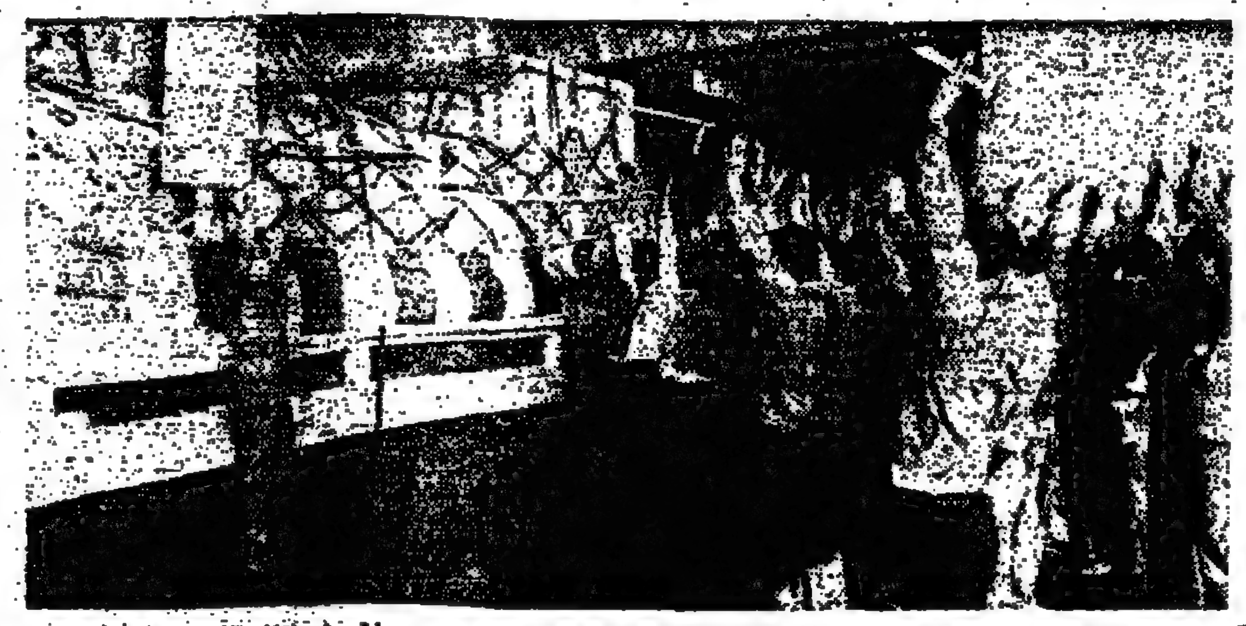
D.R.

Calculating exports

SU LTD. is the leading ny in the Japanese ry which probably has the lo fear from international tition—computers. Invest- in the Japanese computer ry was not fully liberal- intil the end of last year, 2½ years after the barriers removed from most other s of the economy. IBM , however, was established the barriers were set up 939) and accounts for a ant though gradually de- g share of the domestic t.

might expect the major se companies (apart from u they include Hitachi, oishi, Toshiba and NEC) wholly preoccupied with g off the competition on home ground, but Fujitsu tly sees the battle with is being a world-wide con- Two years ago (in the six s from April to Septem- 1974), exports accounted 2 per cent. of Fujitsu's computer sales. In the six s ended last September ure was 10.7 per cent., and 30 Fujitsu says it will be ing 30 per cent. of its ction.

itsu stresses two basic of approach to doing ss abroad. The first point the company, apart from a computer manufac- (computers are now 75 nt. of total sales), is also mmunications specialist. u started out in 1935 as ufacturer of telephone ex- es and built its first com- only in 1954. It claims to le to offer a unique com- on of expertise in the unications and telecom- ations field. The use to such expertise can be was demonstrated 18 s ago when Fujitsu signed ntract with the Spanish telephone corporation pania Telefonica Nacional spana) and the Spanish uto Nacional de Industria upply $50m. worth of ket switching networks" puter interface mech- s). The contract includes of Fujitsu's newest and largest computers (the M-190) plus specialised peripheral equipment for linking com- puters.



Workers at Fujitsu's Numazu plant celebrating shipment of the factory's first computer for export.

Fujitsu's second principle for doing business abroad is that it makes a point of entering into partnership with foreign gov- ernments, which IBM, with its preference for 100 per cent.- owned overseas subsidiaries, is usually reluctant to do. The Spanish venture illustrates this principle as well. Fujitsu be- lieves that it would not have won the $50m. export order if it had not also been willing to form a joint venture with CTNE and INI to establish a computer company in Spain. The company, Sociedad Espanola de Com- municaciones e Informatica, will start building mini- computers and peripheral equip- ment at its Madrid plant early next year. Fujitsu holds a 30 per cent. share in the new company's $11.7m. capital.

COMPUTERS: FUJITSU

Fujitsu has used a Govern- ment tie-up to enter the Cana- dian market. In July this year it announced that it was taking a 20 per cent. stake in Consoli- dated Computer Inc., a manufac- turer of terminal equipment in which the Canadian Government is a substantial shareholder. Consolidated Computer will be using Fujitsu know-how to build small-scale computers and will pay Fujitsu 1.5 per cent. of its sales income as a service fee. Fujitsu admits to being interested in tackling the Brazi- lian market through some form of tie-up with the Government, although it declines to disclose details. It also admits that the principle of working with Gov- ernments has one major excep- tion. This is the U.S. market, where Fujitsu has a close and rapidly developing relationship with recently formed U.S. manu- facturer Amdahl Corporation.

Amdahl was founded by a former IBM executive, Dr. Gene M. Amdahl, and delivered the first of its 470V/6 computers last year. Fujitsu has a 30 per cent. stake in Amdahl and is supplying about 60 per cent. of the components for Amdahl's machines. Fujitsu has "just" started to manufacture com- puter parts in a factory in Cali- fornia (but declines to give details of the scale of the operation).

It will also be jointly involved with Amdahl in setting up a new company (Amdahl Interna- tional) to sell 470V/6 computers in Europe and elsewhere.

The Fujitsu-Amdahl partner- ship seems to be based on a pooling of Fujitsu's production experience with Amdahl's basic design ideas and U.S. marketing ability. It differs from the other major partnership in which Fujitsu is involved—its tie-up with Hitachi on basic develop- ment work for new types of computers. Fujitsu and Hitachi, after prodding by the Ministry of International Trade and Industry, got together to develop a series of super-large computers, different versions of which are now being marketed by each company. They also co-operate to a limited extent in marketing, but not so far as overseas sales are concerned.

Fujitsu has one more principle in its strategy for con- quering world markets. It does not believe in going it alone like the British company ICL with a wholly original kind of soft- ware. Fujitsu computers use basically the same kinds of soft- ware as IBM computers, so that a customer could make the switch from IBM to Fujitsu without having to replan its entire data processing system. Fujitsu says, however, that it would be impossible to make the switch in the reverse direc- tion — if anyone ever wanted to.

C.S.

Zipping up the market

FASTENERS: YKK

S COMPANY logo boasts fastener around the world. s own count, YKK zippers reach the moon and back till circle the globe.

s ubiquitous Japanese facturer of zippers has ged in the past five years as the world's biggest icer with 25 per cent. of arket (90 per cent. of the ese market). Yoshida K. K., based in Tokyo, utes its resounding success early push abroad, first gh exports and then, Japanese companies in sectors followed suit, gh overseas production ies. As a result, the s of YKK zippers now 34 plants operating , possibly the largest er of any Japanese com- although some facilities ry small.

s year sales from overseas account for about 50 per of all zipper sales, and if s from Japan are ed, YKK depends on n outlets for 75 per cent. zipper market.

years ago, YKK's sales Japan were over half its t, and overseas manufac- constituted less than 10 of all sales. Overseas growth, in short, has been phenomenal.

YKK's founder, Mr. Tadao Yoshida, detected early on the need to manufacture on-the- spot in overseas market. YKK managers stress the need to provide a wide range of zip fasteners at short notice, with- out depending on long-distance shipping for deliveries. The company also foresaw the threat of import restrictions if Japan's export boom continued un- abated. So, after an initial push into foreign markets (via "dumping" zippers at too-low prices, according to YKK com- petitors), the company decided to build overseas plants in each case to take over and hopefully expand YKK's export market share.

This YKK has done with a vengeance. Its first overseas facility was opened in New Zealand in 1958, proved a success, and others followed. One of the company's largest plants, at Macon, Georgia, was opened in 1974 at a cost of $15m. and was the fourth manu- facturing site in the U.S. after Chicago, Los Angeles and New Jersey. In 1976 alone, YKK has opened plants in Spain, Bolivia and Brazil, and will soon open its smallest overseas facility to date in Swaziland.

YKK owns most of its over- seas plants outright, depending on joint ventures only where it is deemed "politically" advis- able. So, for instance, the Swazi venture will be 50 per cent. YKK owned, 40 per cent. held by various African (and probably South African) share- holders, with 10 per cent. of the shares reserved for individual Swazi shareholders. The plant will at first manufacture zips for domestic sale, but YKK sees the possibility of future expansion as a base for export sales to South Africa, political circum- stances permitting.

On the other hand, YKK is planning an Austrian subsidiary which will be 100 per cent. held by Yoshida Kogyo K.K. The company decided to build a fac- tory near Vienna to service an expanding market in Eastern Europe (which has been stocked from German or Japanese production sites until now) YKK's decision not to build a plant in Eastern Europe itself was based on a belief that one plant to cover the entire area would not be enough (because of rivalry between the countries), and the Comecon market would not be large enough to justify the sort of strategy adopted for the Com- mon Market, like building manufacturing facilities in each of the countries.

If competitors are correct in asserting that YKK's trade prac- tices were unfair in the first instance, the company has rarely been called to task. In 1973, the Canadian authorities found YKK guilty of dumping its zippers. YKK immediately raised its export prices, and laid plans to produce locally. To-day, the Canadian market gets 90 per cent. of its YKK zips from YKK's *Montreal* plant, and only 10 per cent. (specialised zippers) from YKK in Japan. In the U.S., a dumping investi- gation in 1973 by the interna- tional trade mission rejected the contention of American zip pro- ducers, but the publicity con- vinced YKK to raise some of its prices and step up its local U.S. manufacturing from the Macon plant.

D.R.

A product quality discussion by t he assembly line at a Matsushita.

Sauce for the world

FOOD: KIKKOMAN

MOST PEOPLE would probably write off soy sauce as about the least exportable of Japanese products. Not so Kikkoman Shoyu Company which now has an American factory turning out 10,000 litres a year and is planning a manufacturing venture in Europe. Kikkoman is a very long-established company. It has been brewing soy sauce at a plant 30 miles from Tokyo for the last 350 years and now supplies about 35 per cent. of the Japanese market—a vast one with the average Japanese consuming more than ten litres per year.

Kikkoman started exporting soy sauce in 1868, the year when Japan opened its doors to the outside world after two centuries of seclusion. Its overseas customers were mainly Japanese emigrants.

In 1949 Kikkoman decided to try to develop a non-Japanese market for its products in the U.S. It succeeded to the point where, in 1973, the Americans were using enough soy sauce for a Kikkoman factory in the mid-west state of Wisconsin to become an economic proposition.

Kikkoman chose Wisconsin because the raw materials for soy sauce, soy beans and wheat, are both grown in the state. It put $10m. into the project and is currently operating the factory at 90 per cent. of capacity and plans are about to be approved for a 30 per cent. expansion. The U.S. market for soy sauce remains tiny compared with the Japanese one (less than 100,000 litres per year compared with over 1m. litres for Japan). But Kikkoman accounts for about one third of the soy sauce sold through American supermarkets and at least 75 per cent. of the oriental food store market where the main customers are immigrants from Japan, Korea or China. One of the points of developing a U.S. market for soy sauce, says Kikkoman, is to prove that soy sauce goes well with Western food. The company hopes this point will not be lost on its customers in Japan.

Kikkoman's strategy in Europe will be to start by establishing restaurants where soy sauce will be used with Western and Japanese dishes, then move on to local bottling of the product, and finally to the establishment of a factory. So far there are two Kikkoman restaurants in West Germany operating under a joint venture with a Japanese restaurant chain and serving "tepanyaki," a mixture of beef and vegetables grilled in front of the customer on a steel plate. After West Germany Kikkoman plans to attack the U.K., because it understands the British have a taste for oriental foods, and then Holland and Scandin[...]

Kikkoman says it too[...] years to open its Ame[...] factory from the time it [...]lished a wholly owned m[...]ing subsidiary in Calif[...] The move into Europe w[...] faster but, as befits a com[...] with a 350-year history, wi[...] be minutely planned.

In recent years Kikkom[...] diversified into wine, [...] drinks, tomato ketchup [...] Worcester sauce, which it [...] itself as well as bottlin[...] and Perrin's sauce und[...] agreement which came [...] operation last May. The [...]ing behind all these mov[...] comes mainly from the [...] family which founded [...]man in the 17th centu[...] retains most of the top m[...]ment positions in the co[...] though nowadays only a [...] portion of the total equi[...] of the Mogi clan and [...] other management staff [...] degrees in business adm[...]tion from American unive[...]

A profitable path

RETAILING: DAIMARU

JAPANESE DEPARTMENT stores have a poor track record in setting up business abroad. Several went into the American market in the 1960s, later pulling out or scaling down their activities because the U.S. market was already saturated with large retail businesses doing their own importing of Japanese goods. One Japanese company that stayed away was Daimaru, to-day the country's second-largest department-store chain with estimated sales this year of about $1.2bn. and an average profit of $10m. in the last three years. Now, Daimaru has embarked on a careful but seemingly profitable path to overseas business, and merits watching.

Daimaru's presence in Europe is limited to its Paris subsidiary (opened in 1973) and a new outlet in Lyon (in turn a subsidiary of Daimaru's French holding company). According to company officials, the European venture is a modest one: it is designed to "acquaint" buyers with Japanese goods (as well as cater to Japanese residents and tourists). It aims at the very top end of the market, and Daimaru hopes to generate large-scale sales through French department stores rather than its own branches. Other European ventures of this sort may follow, but for the moment Daimaru is putting its eggs in another basket: South-East Asia.

Daimaru has two large operations in the region: Hong Kong and Bangkok. The Hong Kong operation, opened back in 1960, is the bigger of the two, but because of costly rents also the less profitable (although it never loses money). There was a 14-year gap before Daimaru opened in Bangkok in May 1974, but its experience with Thai Daimaru (capitalised at just over $1m.) will probably mean less time before the next South-East Asian venture.

Already, Daimaru has sold its know-how for the creation of department stores in Burma and the Philippines, and has formal proposals from local investors to set up Daimaru department stores in both Manila and Singapore (with Jakarta not far off). The proposals are still being studied at Daimaru's Osaka headquarters, but the company's success in Bangkok probably means it is well suited for the new ventures.

The cornerstone of its operations in Thailand is to provide Thai articles to the Thai public. Thus, 85 per cent. of the goods sold at its Bangkok st[...] made in Thailand, 10 p[...] in Japan and 5 per [...] Europe. (By contrast, [...] 100 per cent. of the merc[...] is Japanese; in Paris [...] cent.) In this way, [...] brings in its retailing e[...] to pioneer local produ[...] has returned a stead[...] since opening.

In a parallel attempt [...] locals' acceptance of T[...] brand stores, the [...] decided to sell large sh[...]ings to domestic investo[...] It retains 55 per cent. [...] Hong Kong venture and [...] per cent. in Thai [...] (although Japanese [...] both). It is this sort o[...] that has attracted inve[...] Singapore and Mani[...] could make Daimaru t[...]ing Japanese name [...] growth retail markets.

Making up lost time

ELECTRICAL INDUSTRY: MATSUSHITA

"MNAMOS NUESTRAS fuerzas. contodo el corazon con el fin de construir un nuevo y gran Peru, t abajando con *entusiasmo* y produciendo sin cesar . . . arriba la industria. arriba la industria, destaquemos las union de National Peruana."

Thus runs the company song of National Peruana, a fully-owned subsidiary of Matsushita Electric Industrial Company. The emphasis on all-out efforts for growth and industry is obsolete — the song sung at Matsushita headquarters in Osaka was changed two years ago. It now talks of "love, light and a dream," Matsushita Electric, and sounds ridiculously Chinese with its refrain to "let us bind together a world of blooming flowers." Of course, the company song *falls flat* on western ears, but at Matsushita, the new song (for use in Japan) and the old (for foreign manufacturing sites) betray a strong undercurrent of feeling inside the company that the future may hinge on its ability to exhort workers overseas to repeat the Japanese miracle of the 1960s and early 1970s.

Matsushita is starting up production at its new Welsh colour television plant in November, the most recent in a long line of foreign ventures which have pushed it to a leading position among world electric appliance makers. Indeed, a search through company records turns up the surprising fact that the producers of National Panasonic, Quasar and Technics equipment started overseas production in 1938. The war put an end to those first Matsushita activities in Japanese-controlled Manchuria and Korea, and it was not until 1959 that the company began again to push overseas (with the creation of Matsushita Electric Corporation of the U.S.). But the company has made up for lost time.

If there is one consistent theme to Matsushita's growth strategy, it is the need to manufacture inside growth markets. To-day, with 28 manufacturing sites abroad, Matsushita exports only 20 per cent. of its Japanese production (compared with 53 per cent. for Sony, also a major Japanese manufacturer overseas). This theme explains the Wales factory: at the company's Osaka headquarters, executives unashamedly admit that the decision to manufacture in Britain was taken in order to gain a foothold in the European Economic Community. Until now, it has only collaborated with Philips in a Belgian dry battery factory. The time had come (with growing European resentment of unemployment-fostering Japanese exports) to build appliances on a larger scale. Wales is first, but others will follow.

D.R.

Labour troubles and fragmented responsibility are delaying crucial British industrial sites. **Kevin Done** reports from Redcar

Heartbreak House on Teesside sites

NG DELAYS on large ion sites like the new lation on the Isle of the new steel works r have been extensively d. To the clients, in the nationalised indus- e particular manage- veakness increasingly to be the source of roblems.

the unwillingness of plant manufacturers to involved in the vital ite management. These s, so the clients say, ing back and handing job of installing com- it to numerous sets of actors. This manage- uum is being created at a point where hter control is needed. sts of failing to main- sonable levels of site nce are very high of the scale of capital ot involved. This articularly at Teesside besides the BSC's evelopment, major pro- clude Phillips Petro- 200m. oil terminal at ls, major new chemical r Monsanto and ICI, uclear power station, is now at least 18 ehind the original tar- in 1972, and Phillips n's oil terminal is 12 months behind

ale of the investment matched in the past 12 r an equally impressive i industrial disruption. to Dr. Alan Hind, of the Northern Coun- Group, the number of rs lost on sites in the he first nine months of totalled 715,600 com- th only 105,200 in the 1975. And this record ges does not include all the days and half-days lost in minor disputes.

As a client investing more than £600m. a year on large-scale capital projects, BSC has more to lose than most unless the worsening of these problems is reversed. It recognises that some of the difficulties at Redcar stem from the introduction of relatively untried processes.

But the BSC is willing to stand comparison with competitors in either Europe or the U.S. on such primary factors as design, and process specification, and to claim a performance on controlling actual capital spending compared with originally estimated costs that is as good as any in private industry.

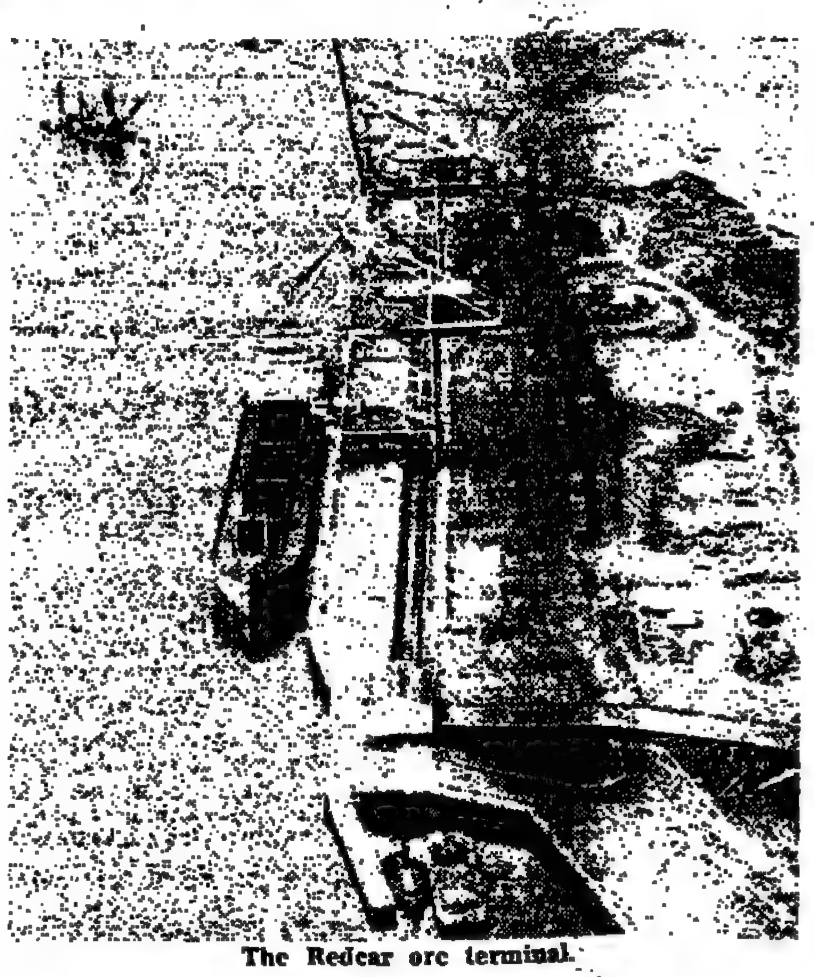
Bogged down

But the favourable comparisons end at site performance. At Redcar the civil side of the project has gone quite well, but work became bogged down on the mechanical engineering side with endless disputes among the workers of the scores of contractors and sub-contractors. The major question facing clients is how to induce a more positive attitude to site construction among the process plant makers. For the civil contractors the site is their factory, the place where all their energies are concentrated. For the plant makers the site is the poor relation. As little as 20 per cent. of the value of each contract is derived from site installation. The 80 per cent. comes from work done in the factory, before equipment ever reaches the site, leading plant makers to consider the site as something of very secondary importance.

Several major process plant makers who previously had directly employed construction workforces, no longer do so. They now engage sub-contractors. At the same time as the construction sites have become bigger and more complex, the workforces have become more fragmented between growing numbers of sub-contractors. There is too little continuity of employment for the construction workforces for such work to be a good business proposition for the process plant makers, and the sub-contractors tend to be small concerns ensuring greater flexibility in switching from contract to contract. Thus thousands of workers can be employed on any given site, sufficient to run a substantial factory, but without the factory conditions of overall management stability across the whole workforce. Where there should be the greatest application of management resources, the reverse is often true.

The competence of site management can only be improved according to this argument within the general framework of a unified contract package to "design, supply and instal." Undoing this package reduces the main contractor's interest in site construction, the argument runs, and weakens the management chain. Too often in the past insufficient attention in awarding contracts has been paid to the mechanisms by which main contractors will control their bands of sub-contractors. Too many deals have been done purely on reputation.

Secondary contractors create the great problem for the client by weakening of the chain of accountability. Clients argue that if sub-contractors are used to instal and erect plant and equipment, a convenient escape route is created for the manufacturer if the plant does not function satisfactorily.



The Redcar ore terminal.

The civil contractors, by contrast, have generally acquitted themselves well. Flexible industrial relations have allowed them to come more successfully through the minefield of national agreements, site agreements and area rules. (With such complex workforces at least three nationally negotiated agreements are involved on one site—a green booklet for the electrical contracting industry, a buff one for the civils and a blue book for the mechanical construction engineering agreement.)

Inter-union fights, demarcation disputes, political subversion, the threat of redundancy, claims for massive severance bonuses and completion payments outside the social contract—all are used to explain away the indiscipline of site workforces. The case is not accepted by Mr. Walter Blackburn, the Transport and General Workers' Union convenor for John Laing at Redcar—and a member of the breed of Tory shop stewards—and by Mr. Barry Walton, the Laing shop steward for the Union of Construction Workers, Allied Trades and Technicians. The symptoms of disaffection are only the result of the employers' wretched approach to industrial relations, they say.

Members of the major mechanical union at Redcar, the construction section of the Amalgamated Union of Engineering Workers have formed a committee of shop stewards to co-ordinate the actions of the 2,300-strong workforce on the site. The civils have found this unnecessary for their 1,500 men. When the mechanicals act, they feel they must do so in strength. They feel they are dealing with managements that cannot make decisions, the shop stewards say.

When disputes arise they find that management levels that really count are inaccessible. At the level at which they are forced to deal they find management's hands are tied by the client, BSC. They have tried to arrange regular meetings with the contractors' sub-committee, but say they have always been refused. In a situation mirrored across the country, they say, contact has all but broken down between men on the site and their national and local full-time union officials. The mechanical workers clearly feel themselves the poor relation on the site, often earning as much as £2,000 a year less than their colleagues on the civil side, who can pull in as much as £6,000, and who have often negotiated far more favourable bonuses and severance payments.

Their talk is peppered with dissatisfaction. The siting of ambulance points: canteens that don't function: high charges they face from local landladies sometimes to sleep six to a room: the difficulties of installing equipment that does not fit and may have to be sent to the Continent for expensive re-drilling: the lack of incentive to finish a job, but above all the necessity of waging fights over "rights, principles and conditions." As one of the shop stewards complained: "It is management small-mindedness, they are not living in this century."

To talk to the civil contractors' stewards is apparently to enter another world. According to Mr. Blackburn, "The biggest thing is industrial relations. If you set up dispute procedures that are clearly defined and workable, you will never get a problem. It's when this gets blocked that you get men walking off the site.

"The troubles are happening mainly with the mechanical unions. They do not have good relations with the management or good grievances procedures. We have procedures to get from the lowest to the highest echelons of management very quickly. No barriers are put in our way, but the mechanicals have not got this rapport. They are up against a brick wall and have to solve their problems in other ways. We can go straight from digging a trench to the agent's door."

The civil contractors have shown themselves to be far more amenable to concluding bonus agreements favourable to their workers — witness the Laing settlements at Graythorpe, to get their oil platform jacket completed. The method of buying off trouble with money has caused resentment and anxiety among many contractors and clients in Teesside. With such a concentration of major construction sites the bandwagon effects of bonus claims and the like is great.

But Mr. Blackburn insists that its enlightened management policy has kept the civil workforces largely peaceful. "The men respond to open, honest management, nothing is disbarred to us, they bring the balance sheets, and we know how far we can go without destroying the company. We are all there for the same reason — to build a site." Disagreement might come, however, when you decide how quickly to build the site. "We believe in job completion, then you have an industry ready to employ people on a consistent basis. The mechanicals think that by extending and prolonging a particular job you can get more work out of it that way."

It is Mr. Blackburn's thesis that if industrial relations are good, the workforce is far less open to political subversion. "There have been several attempts to infiltrate John Laing, but the individuals have been exposed before the full site workforce. Our feeling is that once the men know they are there they are not going to be bamboozled."

Agitation

A recent dispute among Mowlem's tunnelling workforce sheds interesting light on outside political agitation and BSC's overall management of the site. Agitators arrived from various parts of the country to picket the site and foment trouble, but an awareness of their intentions denied them the support of the civil engineering workers across the site. But BSC security was seemingly so lax that the agitators had open access to the site. One flying picket was actually to be found in a BSC security checkpoint phoning friends around the country. According to Mr. Blackburn bricks have disappeared from the site by the million, and scaffolding by the lorry load. But such incidents are only sidelights on the continuing disputes. The NEDO report blamed the "vicious circle of inefficiency and delay on poor industrial relations" a finding echoed by Mr. Blackburn. "There's only one major factor, industrial relations, and that can't be stressed enough."

Letters to the Editor

...ney supply ...et

M. Hughes.

r. Blackaby's adherence sian dogma (November d to conclusions which it go unchallenged. His s for not supporting a pply target rest on the that the monetary available are in- that the achievement arget is exacerbated by s of the institutions and t money supply is *only* ic indicator and should regarded as a policy

I argue that improve- the frequency and of monetary statistics overdue. Their present ages however are not to prevent a monetary ng achieved particularly rget is set one year in the U.S. example of targets one year in has led to enviable ector confidence in the the monetary authori- nough it has been that they have—the changing the targets nt of emerging develop- find the argument that ility of institutional is the prime cause of tuations in the money tistics surprising. The of the last 18 months that changes in the pply have been more than the net acquisition government debt by sector. In other words lity of the monetary was the result of move- other components. Not- ing this, new long in- invest confidently and y if Government tar- objectives are hastily their funding tactics ially changed by ex- siderations?

ably if Government real growth and infla- tered changes in their objectives should oreover it may be that of monetary targets more difficult for an ny. Both points, how- in favour of a more stem for setting targets haps along U.S. lines) destroying the case ntroduction.

s the present situation ed it matters a great nstitutions further un- r liquidity. Our esti- ggest that sales of nt debt in the second e current fiscal year to amount to £4bn. if nment's 12 per cent. o be achieved. Given liquidity requirements ajor institutions it is hat they will be able t sufficient funds—even rded the prospects for Gilt-Edged market as favourable. It is this institutional liquidity put pressure on the to take additional to achieve their mone- assuming it still holds revisions to expected come growth. Institu- idity does matter!

pt that the money an economic indicator o a measure of the inancial resources, pre- hat money is always exactly equal current Thus economic models y supply as exogenous. erience of recent years evidence that money endogenously deter- the rate of change of ed money which in ermined by the public ancing needs. Targets deficit financing and ply go hand in hand.

The control of the money supply is important. Perhaps if this was openly welcomed rather than grudgingly undertaken, we would have more reliable and frequent monetary statistics with which to judge economic activity.

Michael Hughes.
Capel-Cure Myers,
Bath House,
Holborn Viaduct, E.C.1.

Fine tune the boiler

From Mr. D. Ironside.

Sir,—Mr. Chapple can obtain most of the improvement in boiler efficiency for which he asks in the fifth paragraph of his letter (Nov. 5) if during the summer he sets the thermostat on his boiler very high (so that it is only a safety device) and has the wiring re-arranged so that during the clock "on" period the electricity supply to his boiler goes through a thermostat on his hot water cylinder. Thermostats intended for this period purpose have a large differential between the temperatures at which they switch "on" and "off," thus giving longer intervals between periods when the boiler is working.

D. J. Ironside.
Westward, Cuck Hill,
Shipham, Winscombe, Avon.

Industrial relations

From Mr. R. Scott.

Sir,—Mr. M. Ivens (November 4) should not, we submit, erect his own Aunt Sallies and then throw stones at them. A closer examination of our letter would reveal that we were advancing a trade union hypothesis, and that the vaunted orderliness of German industrial relations could be claimed to be an *ingredient* in industrial prosperity and not *the cause*

Of course trade unions want power, as do managements and the exponents of free enterprise. In circumstances where power is acknowledged and shared as in many effective British enterprises, prosperity can be increased. This, we understood, was what Working Together was all about.

The point at issue is, surely, that we do not require a uniform structure—whether legislated or not—to achieve employee participation.

R. S. Scott.
(Divisional Director,
Division of Industrial and Human Relations),
Inbucon/AIC Management Consultants.
Preston House,
302-308, Preston Road,
Harrow, Middlesex.

Life of the gas reserves

From Mr. J. Goodland

Sir,—Before we throw our caps in the air at the prospect of fresh supplies of natural gas from Frigg next year and Brent in the early part of the next decade it would be wise to consider the life of proven reserves over which the U.K. has firm contracts, and their deployment to the best advantage of the British economy.

According to the Government's "Brown Book," proven reserves in the southern basin amount to 552bn. cubic metres and in the northern basin 263bn. cubic metres, making a total of 815bn. cubic metres. At the current yearly rate of extraction of 38bn. cubic metres these proven reserves would last 21 years (that is until 1997). By 1980 however reserves proven at the start of 1976 would be reduced to 663bn. cubic metres (that is less four years' output). If extraction is increased by a third (to 51bn. cubic metres) by then, proven reserves at present under contract to British Gas Corporation would last a mere 13 years (that is to 1989), with the southern basin completely exhausted well before then. It may well be that North Sea oil will follow a similar pattern: hence the widespread fears of an energy gap appearing in the 1990s.

For Frigg alone (half of which being in Norwegian ownership, with the whole development in foreign hands) recoverable reserves are said to be 8 trillion cubic feet. With depletion at a peak rate of 1.5bn. cubic feet a day this field would be exhausted in a mere 14½ years. For Brent, this is associated gas, for which BGC have no control over its depletion rate or non-fuel use. It is naive of BGC to imply that gas from these two fields will be displacing oil in the industrial markets, as the main attack will be on coal, oil and electricity in the domestic and institutional space heating markets.

The Treasury's claim (Economic Progress Report of last July) of an import saving attributable to North Sea natural gas of £2.35bn. this year, rising to £4bn. in 1980 and £8bn. in 1985 is specious. This implies that every fresh therm of indigenous natural gas displaces a therm of imported oil, and cannot be true as (a) indigenous coal and virtually indigenous electricity is also being displaced, (b) we should have achieved a net self-sufficiency in oil by 1980, (c) half the supplies from Frigg will be Norwegian and (d) the development of this resource, with the associated transmission systems, mean large inputs of imported hardware, the amortisation of foreign loans and repatriated profits. Should my calculations be correct, it behoves HMG and British Gas Corporation to clarify present depletion policy.

J. H. Goodland.
Down House,
Pyleigh,
Taunton, Somerset.

Brokers: Commission or fees

From the Chairman,
Philip Glennon Associates.

Sir,—My friend, Mr. Mark Griffiths (November 4) presents a reasoned critique and of necessity an apologia of the existing commission structure for insurance brokers. It is not too difficult, however, to use his argument to support the increasing development of fee charging consultancies in the insurance and financial sector. These consultants are not remunerated by the insurance company. Hence the insurance company no longer has control over the commissions payable which themselves are, needless to say, determined by the type of business the insurance company seeks to attract. There is little the broker organisations can do about the commission basis as has been shown many times in the past years.

Mr. Griffiths will agree that in a fee charging consultancy he is able (and the non-professional agent is far less able) to charge his client fees according to the level of services rendered, with the rider that his client is not deserving of his services if he does not wish to pay a professional fee. An equally important feature is that Mr. Griffiths need no longer face financial loss to his company if he directs his client to those highly reputable and indeed market leaders in the investment field who pay little or no commission.

An illustration of the mechanics behind the fee charging philosophy is afforded from the pensions field. (a) In the past insurers have received frequent complaints from the professional pensions brokers that the rate of commission is too low. (b) In high inflation times, potential investments from individuals are being spent and insurance companies have looked to a more profitable and inflation geared income source. Pensions scheme business fits the bill especially for individual arrangements for directors and executives often associated with higher premium levels. (c) The Life Offices Association recently drew up the commission "carrot" by increasing commissions particularly on individual pensions business. At the same time we have seen a rush of insurance companies now entering this field with new contracts. (d) On a £10,000 premium it is not unknown for the most incompetent intermediary to pick up £5,000 when, and I return to my main argument, he would not dared have requested £50.

For the professional broker, high initial income does not necessarily assist his long term cash flow but there can be no doubting that it does assist the short term position. The professional broker's remedy appears to lie in his own hands, though I appreciate his complaint of unfair treatment will then be levelled not against the commission rate being paid to the non professional intermediaries but against the insurance company's competitive fees when the latter deals directly with a potential client.

The broker's ultimate defence against part time agents and commission rates controlled by the insurance companies is (somewhat cynically) to create on a fee basis a solicitor/barrister structure incorporating monopoly access to insurance companies.

Philip M. Glennon.
Manchester House,
86, Princess Street,
Manchester.

The pound and exports

From Mr A. Faupel.

Sir,—Mr. Shaw (November 3) is of course right—in theory, just as it follows that if it takes one boy one hour to mow a lawn it should take two boys half an hour whereas, boys being boys, it might well take them two hours. Provided the exporter has a monopoly of the goods he is exporting, he could maintain his price in the event of a fall in sterling.

In real life, however, exporters have to compete with other exporters to whom they would quickly lose out if they followed Mr. Shaw's idea. The solution is for the Government (unless it can guarantee the stability of sterling) to require all exporters to invoice in hard currencies.

It is hardly necessary to mention that, as exporters generally sell in sterling and frequently give up to 180 days credit, overseas buyers this year have received an uncovenanted bonus of up to 23 per cent. when they came to meet their bills. The bonus is even greater in the case of the long-term sterling credits sponsored by ECG guarantee. In the light of experience these seem to reach the height of folly.

A. P. Faupel,
Faupel Brothers,
67, Clerkenwell Road, E.C.1.

To-day's Events

GENERAL

Treasury issues figures of Central Government financial transactions (October), including borrowing requirement.

European Central Bankers end two-day meeting, Basle.

Prime Minister expected to speak on Government's future education policy, Woodberry Down School, Finsbury Park, N.4.

Negotiations open in Brussels between EEC Commission and U.S. representatives to permit EEC fishing fleets to operate inside planned American 200-mile limit.

European League for Economic Co-operation's dinner, following conference on "Europe and the Arab World." Grosvenor House, W.1.

Sir Harold Wilson, MP, opens National Society for Mentally Handicapped Children art exhibition, Lufthansa, 23, Piccadilly, W.1.

Mr. Ian Trethowan, managing director, BBC Television, speaks at Industrial Society lunch, 3, Carlton House Terrace, S.W.1.

CBI Yorkshire and Humberside Regional Council meets.

Sir Lindsay Ring, Lord Mayor of London receives Danish Parliamentary delegation, Mansion House.

Mr. F. F. Wolff, chairman, Committee of London Metal Exchange, speaks on "Social Responsibility—What I do for my Neighbour" St. Lawrence Jewry next Guildhall, E.C.2, 1.15 p.m.

Church of England General Synod, Church House, S.W.1.

Scottish Packaging and Printing Exhibition opens, Kelvin Hall, Glasgow (until November 13).

PARLIAMENTARY BUSINESS

House of Commons: Consideration of Lords amendments to Education Bill.

Commons Select Committee: Nationalised Industries (Sub-Committee A). Subject: British Rail. Witnesses: Department of Transport.

House of Lords: Aircraft and Shipbuilding Industries Bill, third reading. New Towns (Amendment) Bill and Sexual Offences (Amendment) Bill, report stages.

OFFICIAL STATISTICS

Provisional figures of vehicle production and estimates of new car registrations (October).

COMPANY RESULT

De La Rue (half-year).

COMPANY MEETINGS

Gallenkamp (A.), Winchester House, E.C., 11.30. Staffordshire Potteries, Stoke-on-Trent, 12.30

OPERA

English National Opera production of Rigoletto, Coliseum Theatre, W.C.2, 7.30 p.m.

COMPANY NEWS + COMMENT

Hoveringham expands 91.3% midway

AS EXPECTED, profits before tax of Hoveringham Group for the first half of 1976 are significantly greater than the same period last year, showing a 91 per cent. rise from £643,000 to £1.23m. Turnover was higher by 21.7 per cent. to £15.09m.

The chairman, Mr. G. H. C. Needler, says that favourable conditions have continued into the second half. However, the industry remains concerned about current and future trading and forecasting is not therefore feasible.

The net interim dividend is lifted from 0.375p to 0.5p per 25p share—last year's total was 1.693p from pre-tax profits of £1.57m. First half earnings per share are 2.92p against 1.39p.

	Half-year 1976 £	1975 £
Turnover	15,091,717	12,397,934
Trading surplus	1,880,389	1,138,674
Interest	170,975	292,041
Depreciation	153,290	102,761
Land depletion	49,667	97,742
Profit before tax	1,230,477	642,864
Tax	660,000	349,000
Net profit	570,477	293,864
Extraordinary credits	11,126	27,976
Cum. Pref. shares	42,577	12,577
Interim Ord.	90,239	62,472
Retained	448,696	207,772

● comment

Hoveringham has increased pre-tax profits by 91 per cent. despite the continued sluggish demand for building materials. The achievement is primarily due to the £3m. investment in ready mixed concrete plants over the past five years. The company already had the sand and gravel reserves, so the move was by way of vertical integration and it is now paying off handsomely. After the initial growth, the number of plants has now levelled off at 45 but market penetration has improved and, of course, the start-up expenses must be over. Unfortunately, Hoveringham cannot defy the economic facts of life indefinitely: the cuts in public expenditure made so far have reduced activity and the second half is unlikely to be as good as the first. There is also the fear of more cuts to come: the company cannot resort to exports but strong liquidity and vertical integration should make good defences. At 18p (up 2p yesterday) the shares yield a prospective 16.4 per cent.

INDEX TO COMPANY HIGHLIGHTS

Expansion at Pugh Davies

Manchester-based textile distributors and property owners, Pugh, Davies and Co., made a profit for the year to January 19, 1976, of £119,155 against £89,946 last time.

Dividend is maintained at 1.75p net per 50p share.

Tax for the year was £66,935 against £55,272. Retained profit was £45,483 compared with £29,940.

M.Y. Dart almost unchanged

AFTER A slight fall at half-time from £558,000 to £418,000, pre-tax profit of sports equipment, packaging materials and pyrotechnics manufacturers M.Y. Dart for the year ended July 3, 1976, came out £1.18m against £1.22m. Turnover was up from £8.74m to £10.62m. The profit is struck after share of associates of £56,000 against £68,000.

The unchanged final dividend of 0.688868p net per 10p share lifts the total for the year from 1.371368p to 1.3830015p. A first interim dividend of 0.26p net (0.195p) is declared for the year to July 2, 1977, payable with the final.

Stated basic earnings excluding extraordinary items are 6.24p per share against 6.13p, and fully diluted 6.08p against 5.96p. The directors state that a revaluation of group properties at the year-end disclosed a surplus above previous book values of £403,000, which has been added to capital reserves.

	1975-76 £000	1974-75 £000
Turnover*	10,617	8,741
Share assoc.	56	68
Profit before tax	1,175	1,229
Taxation	727	574
Extraord. debits	247	-
Minorities	14	11
Attributable	417	655
Retained	255	478

* Including associates. † Credit.

The chairman, Mr S. Marks, says trading results reflect a very satisfactory improvement in the second half. The supply of sporting goods to retail and similar outlets, both in the U.K. and France, however, did not produce satisfactory results despite a combined turnover of £1.75m., including share of associate.

● comment

A strong second-half comeback has left M. Y. Dart's full-year profits only 3½ per cent. lower after a 25 per cent. fall at half-time. The group blamed most of the first-half downturn on the start-up costs of three sporting goods factories which apparently came through to full production in the second six months. But the second-half improvement must also owe something to the recent pick-up in the group's packaging interests, which in 1974-75 accounted for 18 per cent. of profits. The sporting goods are still pushing ahead, however, particularly in the U.S., where the popularity of darts and table tennis is evidently growing fast. The group is continuing to expand this side of its business, with three more factories due to come on stream in the current year. Although that may mean some drag on profits in the immediate future, the shares at 34p, on a fully diluted p/e of 5¼ and a yield of 6.9 per cent., are still gaining support from bid interest.

Euston Centre Props.

PRE-TAX REVENUE of Euston Centre Properties for the six months ended September 30, 1976, was up from £639,000 to £730,000. Tax takes £380,000 against £332,000.

The directors anticipate that pre-tax profit for the year will exceed £1.4m. Last year's figure was £1.18m.

ROSGILL

The chairman of Rosgill Holdings, Mr. J. L. Ingles, told shareholders at the annual meeting that the group expects "to show in trading terms, that is, before application of bank interest charges, an overall profit for the first 28 weeks of the current year."

The group incurred an overall loss in the last financial year of over £500,000, compared with a profit in the previous 12 months of £850,000.

Silhouette jumps 75% midterm

REFLECTING a higher degree of activity in U.K. plants and the elimination of residual losses, incurred in the closure of the Thurnscoe plant, pre-tax revenue of Silhouette (London) jumped 75 per cent. from £213,573 to £374,066 in the first half of 1976. Turnover for the period expanded by just over 11 per cent. from £5.31m. to £5.91m.

Profits in the second half of 1975 of about £2,000 were very modest, and chairman, Mr. T. Blumenau, anticipates a very much better performance in the second half of this year. However, the greater part of the profits are made in the first half, he points out.

The interim dividend is lifted from 0.65p to 0.715p net—last year's total payment was 2.925p from profits of £215,699.

The improvement in first-half profits has been achieved in spite of the continuing difficulties in the economy and the directors are taking advantage of the export opportunities provided by the weakness of the pound. In France, sales and production have been substantially increased and profitability is rising.

Although new initiatives to improve trading in Belgium are being implemented, they have not yet reduced the losses which have been aggravated by the difficult trading situation there.

The company operates as manufacturers of foundation garments, swimwear, beachwear and children's wear.

● comment

The 75 per cent. pre-tax profit jump at Silhouette underlines just how dependent the group is on Marks and Spencer's stocking programmes. Last year M and S was destocking and the half-time figures showed it. This year it was the reverse. In addition, the group is supplying M and S on its rapidly growing children's wear side. But there was also the long hot summer which boosted swimwear, and the company is becoming slowly less dependent on the declining foundation garment sector. The fly in the ointment in the second half could be the high cost of materials' stocks—nearly 90 per cent. of the swimwear materials are imported. Nonetheless, full-time figures, reverting back to a normal trading pattern with the second half producing about one-third, could reach £550,000. Excluding minorities, and if the Belgian losses continue at current levels, this could produce a p/e of 2.9 on a share price of 25p. A maximum dividend increase would give a yield of 20.3 per cent.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
AB Foods	int.	0.71	March 14	0.59	—	1.53
Capper-Neill	int.	1.42	Jan. 6	1.29	—	2.57
M.Y. Dart		0.69	Jan. 10	0.69	1.5	1.37
M.Y. Dart	1st int.	0.26	Jan. 10	0.2	—	1.5
H. Goldman	int.	Nil	—	0.77	—	1.93
Hoveringham	int.	0.5	Dec. 31	0.38	—	1.69
Inter-City Investment	int.	0.13	Dec. 20	0.4	—	0.8
Lucas		5.84	—	3.88	7.36	5.26
Pochin's		3.25	Jan. 4	2.38	4.13	3.75
Priest Marians		1	—	1	1	1
Pugh, Davies & Co.		1.75	—	1.75	1.75	1.75
Silhouette (London)	int.	0.72	Dec. 28	0.65	—	2.93
Young Companies (A)		1.2	Dec. 30	1	—	2.9

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) To reduce disparity with final.

Sirdar re-equipped and ready for more growth

THE PRIORITY of Sirdar in 1976 has been the installation of new equipment which has involved high overdraft and stock levels. Mrs. Jean Tyrrell, chairman, says that by January, 1977 the group's plant will be among the most modern in Europe and priorities will then change to reducing borrowings, balancing stocks at a correct level and, if the market will allow, increasing profits.

The current season has started well for the group and the machinery being installed will not only increase efficiency but will also produce yarns of even higher standard. The recently installed fancy twisting machinery will enable the company to make its own fancy yarns, so much in demand for both home and export markets. Mrs. Tyrrell is confident that the investment will be well justified despite the current unsettled economic climate.

Referring to the decision, taken towards the end of 1975, to bring forward the company's plans for machinery replacement, the chairman explains that there were three reasons—to take advantage of assistance available under the Industry Act and the Wool Textile Scheme; to avoid as far as possible rapidly rising costs of new plant; and because of the particular type of plant required.

The most suitable machinery for hand-knitting yarn production is made in Western Europe and with sterling rapidly depreciating time was against the group. Therefore, further orders were placed to the extent of £1m. for delivery by the end of 1976. This expenditure was covered by forward purchases of currency "a precaution well justified by subsequent events," observes Mrs. Tyrrell.

Capital expenditure in 1975-76 amounted to £0.95m. and commitments at June 30, 1976 totalled a further £0.73m. Short-term arrangements have been made with bankers to cover this and after taking into account the grants and deferred tax available it is anticipated that cash flow will be sufficient to finance the current programme.

A statement of source and application of funds shows a net outflow on trading of £488,358 (£402,863 inflow) during the year. There was a net outflow on financing of £457,569 (£454,091), and an increase in bank overdrafts and short-term borrowings of £945,923 (£51,228). Working capital increased by £1.14m. (£0.54m.)—stocks were up by £1.34m. (£0.55m.), debtors by £0.32m. (£0.17m.) and creditors by £0.52m. (£0.18m.).

The group balance sheet shows year-end stocks at £4.67m. and overdrafts at £2.44m.

As reported, group pre-tax profits increased from £0.81m. to £0.94m. in the year ended June 30, 1976. Group turnover rose by 16 per cent. and sales volume by 5 per cent. but in achieving this, margins suffered in the latter part of the year because of the hardening of wool prices and the fall in sterling.

Exports increased by 70 per cent. and together with overseas sales account for 28 per cent. of turnover. The value of goods exported was £1.74m. (£1.01m.).

Meeting, Wakefield (Yorks.), December 1 at noon.

Chairman's statement Page 33

SWS offer to loan holders

IN ACCORDANCE with its declared policy to utilise surplus funds as they arise to reduce borrowings, Slater Walker Securities is willing to acquire a limited amount of its quoted sterling unsecured loan stocks through the market for cancellation.

Limited funds are available, generated by the sale of assets, and these will be applied in purchasing the following: 9¾ per cent. partly convertible unsecured loan stock 1994 at £48; 9 per cent. unsecured loan stock 1991-96 at £45; 17½ per cent. unsecured loan stock 1995 at £70.

Certain institutional holders of those stocks have already sold to SWS through the market on the basis of the mentioned prices and the company will continue to stand in the market at these prices for as long as funds are available.

Scottish & Continental Investment policy

The present policy of the Scottish and Continental Investment Co., is to remain fully invested, but the level of gearing has been reduced to some extent, the chairman, Mr. J. A. Lumsden says in his annual report.

For the year ended August 31, 1976, the company reported pre-tax revenue down from £289,994 to £225,211. Net asset value per share was 69.3p against 71.4p.

Over the year the net loan surplus fell from £862,818 to £487,006 and the currency premium on the loan surplus fell from £594,559 to £215,766. This disappointing performance in the loan account arose because virtually all the investments in Holland and France, where the market movements were adverse, are held through the loan account.

Also for part of the year, owing to the difficulty and cost of borrowing French francs, a proportion of the French portfolio was financed by other currencies and this led to some currency loss. These two factors adversely affected the net asset performance over the year, says the chairman.

The percentage of equity investments in France was reduced from 28.46 to 15.55 while the percentage in Holland was increased from 8.95 to 17.71. The percentages in Germany, U.S. and Japan show small increases, largely reflecting improved market values in these countries.

Directors increased the stake in Holland, mainly in the international companies, because the profit recovery outlook seemed good and Dutch guilders were available at reasonable cost. Unfortunately the Dutch market fell.

During the year there was no major change in the currency loans portfolio. All outstanding loans are repayable during 1977 but the Board wishes to extend at least a substantial part of the loans for longer periods and is watching for a favourable opportunity to do so.

Meeting, 8, Crosby Square, EC, December 1 at 11.15 a.m.

Chairman's statement Page 29

Walker & Homer to hold level

Providing there is no further deterioration in the economy the Board of, manufacturing upholsterers, Walker and Homer expects to maintain profits at existing levels, says chairman Mr. G. R. Walker.

Current trading is at full production and reasonably healthy. Though net liquid funds fell by £215,027 in 1976, as against a rise of £571,885 the previous year, the company has sufficient resources available to meet requirements after allowing for the impact of foreseeable inflation.

Pre-tax profits, as reported on October 22, were lower at £360,977, or £228,000 on a current cost basis, against £582,014 in 1975. The dividend is 1.3p (1.17827p) net.

The downturn in profitability has been brought about by extremely difficult trading conditions in the upholstery field during the past six months of the financial year ended July 31. In addition, margins have been eroded by the continuous slide in the value of sterling which has increased material costs.

Meeting, Birmingham, December 3 at noon.

Lucas tops forecas[t] with peak £55m.

CONTINUED GROWTH overseas and a strong recovery on the U.K. side have combined to boost group pre-tax profits of Lucas Industries to a record £55.84m. in the year ended July 31, 1976. This compares with a forecast of not less than £46m. made at the time of the May rights issue and with £32.34m. for 1974-75.

As foreshadowed, the dividend is stepped up from 5.2552p to 7.36p net, with a final of 5.8442p on the enlarged capital.

Within a total turnover increased from £570.18m. to £719.3m. U.K. sales went ahead by £89.1m. to £497.8m., while overseas sales rose by £80m. to £221.5m. The profit was split as to U.K. £34.3m. and overseas £21.5m.

From the 22 per cent. sales increase in the U.K., profit has almost doubled which has raised U.K. business to a more acceptable level of profitability. All U.K. offshoots contributed to this upturn.

The strong recovery was due to a number of factors—improved trading conditions resulted in better demand; direct exports increased to £112m. and higher U.K. sales included a jump to £140m. in indirect exports; the rate of inflation was sharply reduced; and there have been significant improvements in production against plan, due largely to continued progress in the prevention and the solution of disputes, the directors explain.

CAV gained from the continuing strong demand for diesel engine equipment, and other vehicle equipment subsidiaries—Lucas Electrical, Girling and Lucas Batteries—all made good recoveries from a depressed position in the previous year. There was also a substantial improvement in the results of the aerospace business.

They report that the strong growth in overseas business, which has been the feature in recent years, has contin[ued] for the second successi[ve] overseas sales and prof[its] risen by more than on[e] ... Profits of overseas ... have more than quadr[upled in] the last five years, they p[oint out].

After tax and minor[ities] group attributable ... emerges at £27.9m., ... with £16.31m., giving earn[ings per] £1 share of 36.27p (22.2...

A month ago the ... announced a £100m. ... expenditure programme ... completed by Augus[t] ... Finance was to be pro[vided by] the £43m. raised by th[e] issue and the rest com[ing from] normal cash flow and fr... ing financial resources.

At July 31 the group ... cash of £24.42m. (£21.1... drafts). Cash at bank ... hand amounted to ... (£26.39m.) and bank ... and short-term loans ... £36.39m. (£47.56m.).

External sales
Vehicle
Aircraft
Industrial
Trading surplus
Vehicle
Aircraft
Industrial
Trading surplus*
Share associates
Investment income
Making
Net interest payable
Profit before tax
Taxation†
Net profit
Minorities
Attributable
Dividends
To employees' funds
To reserves

Development expenditure during the year has all been ... arriving at the profit.

* After depreciation £14.... † Includes loan interest £3.9..., interest on bank overdraft a[nd] loans £4.98m. (£5.69m.) ... received £1.48m. (£0.73m.). U.K. tax £3.6m. (£1.57m.) ... £1.94m. (£1.61m.), overseas (£8.8m.), and deferred ... (£9.96m.), less investment g... (£0.99m.).

Further expansion pla[ns]

Speaking later yesterday Mr. Bernard Scott, chairman of Lucas, said that the current year had stayed well and he was encouraged by exports.

Of 1975-76 he said that there had been a "terrific effort" and it was progress at home which had pleased him most. This was the group's justification for making the decision to spend so much in the U.K. (£80m.). The total number of employees at the year end was up by 720 and more are to follow, said the chairman.

Asked about the diesel business he said that this was going very well and was ahead of plan. It looked like being better than predicted but the group had other expansion areas too.

Replying to a quest[ion on the] significance of the gr[oup's] American headquarter[s, he] indicated that the grou[p was con]sidering a new attack ... market. If it was s... group would set up i[n] there, but all sorts ... would have to be bal[anced. In] Europe the group w[as growing] fast, with turnover d[oubling in] three years.

His message for in... that it should rely on ... production rather tha[n] ... in the value of the p[ound in its] export drive.

See Lex

Winding-up orders

Orders for the compulsory winding-up of 43 companies were made by Mr. Justice Slade in the High Court. They were:—

Orbit Decor, Armand Catering, Aston Plant Hire Company, ACIB, Julie Hodgess Associates, Transunion Traders, Trinagria.

Betterbuild (Gt. Yarmouth), Linbridge Properties, W. G. Taylor and Sons (Plant), D. Aiston and Sons, Debcar Supplies, Aslav Consolidated Engineering, Bhatti Manufacturing Company, Cox and Mangan Contractors.

Callan Staff Agency, Marchgreen, Modern Airduct Company, Pearce Bros. (Pontypridd), Wakefield School of Motoring, Whitglow, L. H. Installation Company.

Howland Transport (International), Amega (Design and Construction), W. A. Burt Contractors, S. P. H. Raci... Company, Alcovland... ments, H. and J. ... Capital Express Carri[ers].

L. and M. Painting (Midlands), Countrygr... Stations), Fulker ... Associates, Fen Ho... Abbott (Special Faste[ners]) ... land Travel, P. J. ... Cleaners.

Chanland, John Co... tional (Shipping), Ada... of England Insulat... Green, J. Honour an[d] ... star.

A compulsory windi[ng-up order was] made on November ... Arrowfreight was rec... judge, after counsel ... was some doubt whe[ther] that company that ow... or another company ... freight as a business

Capper-Neill midway jump

[T]URNOVER up from £18.47m. [to £2]1.25m. pre-tax profit of [Capper]-Neill for the six months [to Sept]ember 30, 1976, has jumped [from] £0.88m. to £1.51m. The [directo]rs state that this reflects [...] expansion, basically [...] growth overseas.

[The interi]m dividend is stepped up [...].287p net per 10p share to [...] Last year's total was [...] from profits of £2.76m.

	Six months 1976 £000	1975 £000	Year 1975-76 £000
[...]	21,251	19,170	36,719
[...] profit	1,570	1,021	3,005
[...]	56	146	245
[Pro]fit before tax	1,514	875	2,760
[...]	820	452	1,500
[...]t	694	357	1,260
[...]s	216	111	337

[The] directors state that the [...]ing order intake continues, [especia]lly in overseas markets, [with s]ite construction contracts [maki]ng the major contribution. [The] results for the full year [are ex]pected to be very satis[factory] and they therefore expect [to reco]mmend a final dividend at [the ma]ximum rate permitted.

[The] group has posted its offer [...]nksley.

[Co]mment

[Th]ree and a half years ago [Capper]-Neill was on the verge of [being s]wallowed up by Whessoe, [a com]pany twice its size and [a ma]jor competitor. The bid [was bi]tterly resisted and lapsed [on r]eference to the Monopolies [Commi]ssion. [Since] then Capper has never [looked] back. Reducing its reli[ance] on workshop fabrication [(what] Whessoe had its eye on) [it has] developed into a major [site] contractor; and yesterday's [interim] profits of £1.57m.—a five[fold in]crease on 1973—underline [its prog]ress. [Mean]while Whessoe has continued as a heavy fabricator, has a market capitalisation of £3.5m., and is forecasting profits of £1.8m. for the year against a loss of £1.3m., while Capper-Neill is capitalised at £6.5m. and should make between £3.5-4.0m. for the year.

Statement Page 28

Pochin's improves to £0.41m.

FOLLOWING the profit increase from £182,155 to £158,112 in the first six months, builders and civil engineering contractors, Pochin's improved from £382,065 to £407,137 in the year ended May 31, 1976. Turnover was higher at £9.36m. compared with £8.32m.

Earnings per 25p share are 17.24p (13.02p) and a net final dividend of 3.254125p makes a maximum permitted total of 4.129125p against 3.75875p previously.

The directors say the group has continued the policy of being selective in the type of work undertaken, and are only negotiating contracts which give an adequate and safe return.

The order book is satisfactory in the short- and medium-term and the group has financial resources to cope with new contracts which are the subject of negotiation and others which directors are hopeful of obtaining in current year.

AB Foods upsurge to £31.2m. in first half

WITH MORE than half the total coming from overseas for the first time, pre-tax profit of Associated British Foods, the bakery, foods and supermarkets group, improved by 22 per cent. from £25.6m. to £31.2m. in the six months to October 2, 1976.

Worldwide sales expanded 21 per cent. from £580m. to £703m.

The chairman Mr. Garry H. Weston reports that the slight decline in net margins on sales in the U.K. has been compensated by improvement overseas, leaving the group's average the same as last year.

The net interim dividend is up from 0.3935p to 0.7122p per 5p share. The total last year was 1.7295p was paid on record pre-tax profits of £65.7m.

At the annual meeting in July, Mr. Weston said he believed that in the current 12 months the group should enjoy another period of real growth.

Referring to the future, Mr Weston now states that while group companies normally achieve improved results in the second half, trading conditions have undoubtedly become more competitive. "We believe that this trend will continue in the second half of this financial year," he adds.

Of the £5.6m. profit increase, some three-quarters has been contributed by the overseas divisions, with both Australia and South Africa showing considerably improved results.

	Six months 1976 £000	1975 £000	Year 1975-76 £000
Sales	703,000	580,000	1,301,000
Trading surplus	47,400	40,200	97,700
Depreciation	11,200	9,900	22,700
Profit	36,200	30,300	75,400
Interest charges	5,000	4,700	9,700
Profit before tax	31,200	25,600	65,700
U.K. tax	8,300	7,600	17,900
Overseas tax	6,500	4,300	12,600
Net profit	16,400	13,700	35,200
Minorities	3,000	2,500	7,000
Extrdy credits	900	*500	6,000
Pref. dividends	20	20	40
Interim ord.	2,511	1,954	1,954

* Debit

Premier Milling in South Africa, being well positioned in the basic food industry, continues to enjoy good growth, despite the economic pressures which have affected some aspects of industry in that country, the chairman says.

In Australia, after the good recovery in profits achieved during the past 12 months, it is anticipated that growth will level out in the second half of this year.

Although the recent relaxations in the Price Code in the U.K. have eased the effects of statutory constraints, the lack of any real growth in the food industry has led to heavy competition and pressure on margins, in an attempt to recover, in volume-sensitive industries, the effects of continually rising costs, the chairman says.

Nowhere have the results of these pressures been more apparent than in the retail grocery field, where traditional types of supermarket operation currently face the additional growing challenge of the discount operator.

Against this background, the marginal improvement in profitability of the retail grocery companies must be considered satisfactory, Mr. Weston says.

Despite the hot summer, which affected the consumption of a wide range of manufactured foods in this country, increases in profitability were achieved by the manufacturing divisions, assisted by above-budget performances of those group companies with a strong and growing position in the export market.

The continuing strong cash flow in the U.K. during the last six months has enabled ABF to maintain a high level of capital expenditure, while at the same time borrowings have also reduced, with a corresponding reduction in interest charges, the chairman adds.

Statement Page 28

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below are based mainly on last year's timetable.

TO-DAY

Interims:—Berkeley Hambro Property, De La Rue, Investment Trust Corporation, Roberts Adlard, Simeros, Western Motor.

Finals:—Beaverbrook Newspapers, Bridport-Gundry, Equity Income Trust, G. R. (Holdings), Jessops, Malayan Tin, Martonair International, Newman Granger, Southern Malayan Tin, "W" Ribbons.

FUTURE DATES

Interims:—

Allnatt London Properties	Nov 11
Anglo American Asphalt	Nov 11
Associated Newspapers	Nov 23
Brunnings	Nov 24
Chubb	Nov 10
Cullen's Stores	Nov. 15
Resmore	Nov 23
Takeda Chemical	Nov 10

Finals:—

Devenish (J. A.)	Dec. 9
Dixon (David)	Nov. 11
Fenner (J. H.)	Nov 22
Laird	Nov. 17
London Scottish American Trust	Dec 1

Dowding & Mills progress

Indications were that first half results of Dowding and Mills, electrical and mechanical engineers, should exceed those of the same period last year, chairman Mr. Kenneth Sharp told the annual meeting.

Trading for the first quarter ended September 30 showed that the improving trend had continued.

[In]ter-City Investment [cu]ts interim

[LOSSE]S in the wholesale distribu[tion d]ivision has cut pre-tax [profit] of Inter-City Investment [...] from £177,000 to £92,000 [for the] half-year to June 30, 1976. [The gr]oup has interests in invest[ment], textiles and wholesale dis[tributi]on.

[The inte]rim dividend is cut from [...] 0.125p net per 20p share. [The d]irectors state that this is [to con]serve liquidity. Last year's [total] was 0.8p, from profits of [...]4.

[Mr. ...] J. Harris, chairman, says [that t]he loss in the wholesale [distrib]ution division is attribut[able t]o the continued depreciation [of ste]rling, a rise in the basic [cost o]f imports, and the unusually [hot] summer, which greatly [distur]bed the pattern of seasonal [deman]d.

[Mr.] Harris adds that a further [loss] in this division must be [antici]pated for the second half, [unless] there is an immediate and [...] increase in consumer [deman]d.

[The] recovery in the textile divi[sion c]ontinues, Mr. Harris says, [and h]e has no doubt that it will [make] a substantial profit con[tributi]on for the year.

[Rep]orts from overseas asso[ciated] companies are favourable, [the c]hairman adds, and indicate [that t]hey will show good results [for th]e current year.

[The] company's holding in Shui [...] Knitting Factory has been [reduc]ed from 40 per cent. to 25 [per c]ent. as a result of making [shares] available to key employees. [The] consideration, payable in [...], is $HK1,350,000 (approx. [...]00) and the original cost [...]57,746. The profit arising on [the s]ale will be reflected in the [accou]nts at December 31, 1976.

[Shui] Hing continues to be an [associ]ated company. The addi[tional] working capital resulting [from] the sale will be utilised in [the tr]ading activities of the group [in th]e U.K.

Statement Page 30

[Y]oung [C]ompanies

[The] six months to September [30, 1]976 resulted in pre-tax [reven]ue of Young Companies [Invest]ment Trust advancing £31,304 to £187,699. Tax for the period takes £68,616 against £57,778 leaving the net balance up from £98,617 to £119,083.

To reduce disparity with the final, the net interim dividend is stepped up from 1p to 1.2p at a cost of £65,000 (£78,000). Last year's final payment was 1.9p from taxable revenue of £282,192 and the directors say that it is hoped that some increase in this year's total will be possible.

The net asset value per £1 share at November 1 was 52p (57.9p at September 30).

MFI plans further openings

PLANS AT MFI Warehouses are sufficiently advanced to anticipate a further 12 branch openings in the current year achieving the group's 50th branch early in 1977, states Mr. A. C. Southon, chairman.

As part of this policy the group has made increasingly successful efforts in the merchandising field as it widened the ranges of quality furniture, most of it exclusively designed for MFI.

Progress since the year end has continued at a satisfactory level with seven branches having been opened each of which has made an immediate contribution to profitability.

The chairman says that this early profitable return at new branches is of considerable assistance in maintaining a healthy cash flow to support expansion and enables him to report a very favourable level of liquidity.

First quarter sales have exceeded the figure for the corresponding period of last year and the chairman anticipates continued growth in sales and profitability in the current year.

In the year ended May 29, 1976, group pre-tax profits recovered from £77,783 to £1m. Every branch has shown an improved level of sales compared with the previous year and total retail sales increased by 68 per cent. The results have been achieved against the pattern of a relatively low general rise in consumer durable spending in the same period.

[R]ECENT ISSUES

EQUITIES

Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
F.P.	—	£101½	930	American Med Int. Inc. $	940	−30	Q44c	—	1.5	
F.P.	—	£29	£21¾	Berry Pacific Fd US$1	£28		40c	—	0.7	
F.P.	17/9	70	56	Borthwick (Thos.) 50p	58	−1	5.5	2.0	14.3	5.2
F.P.		£30¼	£26½	Dentsply Int. Inc. $1	£25¾	+⅛				
F.P.		£31⅞	£23⅛	Emhart $US1	£26½	−⅛	Q$1.5	—	3.2	
F.P.		160	96	Tolo S.A. 11	140					—
F.P.		£35⅝	£31⅝	Ltd. Ins. [illegible] US$	£29⅜	−⅛	Q$L28		2.6	

FIXED INTEREST STOCKS

Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price £	+ or −
F.P.	29/10	97½	97	Eastbourne Waterworks 9% Red. Pref. '85	97½	
F.P.	—	$100	$92½	Gotaverken 6¾% Notes 1985	$100	+½
F.P.	—	LF99	LF9[illegible]	Ind. Fund of Finland 9% Guar. Notes '84	[illegible]	
F.P.	—	$101	$99	Kockums Mek 9% Guar. Notes 1985	$99	
F.P.	—	98KD	96KD	Korea Development Bk 9¾% Guar. Bonds 1979	[illegible]	
F.P.	4/2	95½	93	Mid Sussex Water 9% Red. Pref. 1981	93	
F.P.	28/10	98¾	97	Mid-Sussex Water 14½% Red. Deb. 1982	98¼	−⅜
F.P.	28/1	106½	96½	Tate & Lyle 13% 1994-99	104	−2½
10	—	£101½		Tendring Hundred Wtwks 9% Red. Pf. 1981	10¼	−¼
Nil	—	2	1	Tr. [illegible]	Nil	
F.P.	19/11	99¼	98	York Water 1[illegible]% Red. Deb. 1984	98	½

"RIGHTS" OFFERS

Amount Paid up	Latest Renunc. Dates		1976 High	1976 Low	Stock	Closing Price p	+ or −
F.P.	15/10	12/11	132	112	Black & Edgington	119	
F.P.	27/9	12/11	11	7	Bonus Wells	8½	
Nil	—	3/12	325	275	Broken Hill Prop.	275	−10
F.P.	22/10	12/11	60	51	Brown (Matthew)	58	−2
F.P.	22/10	11/12	31	26	Feltham Lawson	29	
F.P.	1/11	17/11	127	113	General Accident	122	−4
F.P.	29/10	10/12	118	101	Howden (Alexander)	114	−4
F.P.	22/10	12/11	67	47	Lonrho	55	
Nil	3/12	17/12	65	42	National Bank of Australasia	48pm	−5
F.P.	1/10	2/11	30	22	P.M.A.	24	
F.P.	8/10	12/11	25¾	25	Shakespear (J.)	26	
Nil	—	—	11	4	Trans-Natal Coal	11pm	+3
F.P.	16/6	—	141	23	Western Mining	91	−5
F.P.	—	—	94	47	Woodside-Burmah	77	−5

[illegible]

BIDS AND DEALS

Concrete £2.5m. acquisition

Pre-cast concrete specialists, Concrete, looks set to take over private civil engineering group Dowsett Engineering Construction for just over £2.5m. Shareholders representing 92 per cent. of the Dowsett equity—largely the interests of the Dowsett family, family trusts and the directors (with 28.8 per cent.)—have given irrevocable undertakings to accept the offer, worth £1.61 per share.

Concrete is also acquiring the whole of the Preference capital for a further £53,000 cash.

Raising the funds for the offer is unlikely to present any problem for Concrete which had some £1.6m. on deposit at the end of the last financial year. At March 31, 1976, Dowsett and Concrete had combined liquid funds amounting to over £2.5m.

Dowsett is an unquoted public company involved in the construction of airfields, sea defences, harbours, steelworks, pipelines, multi-storey car parks, industrial and commercial buildings and open-cast coal mining. In recent years the group has increasingly specialised in the construction of motorways.

In the last financial year (ending March 31, 1976), Dowsett made pre-tax profits of £991,000—double the previous year's figure—on turnover of £25.2m., compared with £17.7m. At that date, Dowsett's net tangible assets amounted to £1.47m.

Concrete has been seeking to link up with a competent civil engineering group and the official *statement* yesterday says that "the combination of Concrete's pre-cast concrete and structural steel capability and Dowsett's civil engineering expertise together with their combined financial resources greatly widens the range of work that can be obtained."

The only obstacle to Concrete's offer would be a reference to the *Monopolies Commission*. However, this is thought to be unlikely. No monopoly would be created and Concrete has also given assurances that it intends to allow the Dowsett management to continue its current employment policy.

MARDON BUYING MORE OF LAWSON AND JONES

Mardon Packaging Overseas, a wholly-owned subsidiary of Mardon Packaging International—itself jointly owned by Imperial Group and BAT Industries—is to increase its holding in Canadian group, Lawson and Jones, from 50 per cent. to 75 per cent., at a cost of just under £10m.

Shareholders of the B and D classes of capital in Lawson and Jones are being offered Canadian $310 per share. The offer is limited to 50,000 such shares and acceptances, if in excess of that number, will be scaled down proportionately.

The principal holdings are those in the hands of the Lawson family and Mr. Ray Lawson and Colonel Thomas F. G. Lawson have agreed to accept. Colonel Lawson has also agreed to remain as president and chairman of Lawson and Jones.

No offer is to be made for the Non-voting "A" or "C" shares in Lawson and Jones. Once the offer is completed the main *holders of the* 25 per cent. outstanding minority will continue to be the Lawson family. However, there are no plans at present to take over the outstanding minority and the shares will continue to be traded on an "over-the-counter" basis in Canada.

The main difference for Mardon is that the holding will be elevated from associate to subsidiary status and this will enable the group to consolidate the Lawson and Jones figures. There is also likely to be some change in the Board representation of Mardon which at present has two nominees out of a total of ten Board members.

Lawson and Jones has enjoyed an improving trend in profits over the past four years and at net level last year's earnings were roughly one-third up on the previous 12 months. In the year ending April 30, 1976, Lawson made taxable profits of £6¾m. on turnover of £72½m.

ROWNTREE

It is reported from Paris that Rowntree Mackintosh has acquired the remaining 50 per cent. of Societe Chocolat Menier from the Perrier Mineral Water group.

It has also taken complete control of Chocolateries Ibled, in which it has held a 51 per cent. stake since 1971.

EMI COMPLETES

EMI has completed the agreements to acquire approximately 95 per cent. of the shares in Nuclear Enterprises: and it has increased its holding to 100 per cent. by acquiring the shareholding of the Department of Industry for £507,379 cash.

GOLDEN HOPE

Shareholdings owned by four companies and totalling 16.6 per cent. in Golden Hope Plantations, one of the "three sisters" trio of rubber and palm oil concerns planning a merger and a change of domicile to Malaysia, have been announced.

Three of the four companies together owning the 16.6 per cent. interest are Malaysian, including the quoted Genting Highlands Hotel Berhad.

CENTURY OILS

Employees of Century Oils have stepped up their fight to prevent a £4½m. takeover by British Petroleum when they met local MPs Mr. Bob Cant and Mr. John Forrester at the company's Stoke-on-Trent headquarters yesterday.

Messages were received from Century's seven other factories throughout Britain supporting the campaign. The 800 employees of Century, have also received support from customers, suppliers and other independent oil companies. Mr. Cant is to press Mr. Roy Hattersley, Minister for Prices and Consumer Protection, to report the case to the Monopolies Commission to force BP to withdraw.

Mr. Cant said: "Century Oils *is not a lame duck, but a happy* and profitable firm that wants to be left alone. Such a merger would diminish efficiency, reduce profitability and destroy a way of life."

Century's managing director Mr. Charles Mitchell referred to growing concern in the U.K. and Europe about the domination of the multi-national oil companies. "We are the last bastion of the independent firms. If we fall then the others could well follow us," he stated.

Rentokil and ICI talks break down

Talks for a takeover of ICI's home insulation subsidiary by Rentokil, the pest control and wood preservation group, have *broken down. A joint statement* yesterday disclosed that the two parties had been "unable to agree on a satisfactory basis for the transfer of the business."

Negotiations on a possible deal involving the ICI subsidiary—ICI Insulation Service—and Rentokil's smaller insulation services began about three months ago with a price tag thought to be less than £1m.

Mr. K. A. Bridgeman of Rentokil explained yesterday that during this period talks had been on and off but the question of price was "a reflection of other difficulties in the market place."

ING NEWS

...ins treading a more ...rosperous path

NNETH MARSTON, MINING EDITOR

...NTHLY progress of tin production becomes all important now that the ...of the Malaysian-operat... ...panies are either in ... moving domicile to the ...or are likely to do so in ...e—moves which will free ... U.K. dividend restraint ... when the Penang tin ...uoyant.

... these brighter earnings-prospects coupled with ...tions to Malaysian in... ...nd the enhancement of ...r premium in London ...ces have been reflected ...FT-Actuaries tin share ...w comfortably at the top ...Leaders and Laggards ... index shows a gain of ...ent. on the year so far.

London Tin group's ...in concentrate outputs ...ounced, that of the ...-registered Berjuntai ...six-month total of 2,162 ...ainst 1,928 tonnes in the ...iod of 1975. Southern ... the other hand has a ...th total of only 797 ...npared with 1,159 tonnes ...o, the fall reflecting the ... of the company's ...s in Thailand.

...ging is Kamunting with ...onth output of 279 tonnes ...5 tonnes. Tongkah Har... ...oduction continues to ...d the total of 195 tonnes ...past four months com... ...1 189 tonnes a year ago.

...igures for the year to ... are due to-day from ...and Southern Malayan ...port respective outputs ...st four months of 1,001 ...ainst 832 tonnes and 788 ...ainst 822 tonnes. The ...test production figures ...ared in the following

	Oct. Tonnes	Sept. Tonnes	Aug. Tonnes
...leria	201	171	135
...	192	203	164
...	357	375	338
...	43	25	28
...	15	10	9
...ar	17	19	25
...	30	30	22
...	265	240	226
...Cons.	172	152	179
...an	176	196	223
...rbour	66	51	39

...eks. § Five weeks. ‡ Does ...Thailand output.

...other production figures ...er, those of Gopeng and ... are for the first month ...mpanies' financial year ...nber 30. For the past ...year Gopeng produced ...nnes compared with ...es in 1974-75. The aver... ...g price received for the ...'s sales was $M628 per ...was $M1,208 yesterday—...ng estimates a pre-tax ...fit for the 12 months of ...ainst £1.8m. for 1974-75. ...ngle-dredge Pengkalen, suffered a fall in 1975-...duction to 220½ tonnes ...¾ tonnes. This was cushioned to some extent by a slightly higher tin price received of $642 but it still left the company with a lower estimated pre-tax profit for the period of £220,000 against £420,557.

	Oct. Tonnes	Sept. Tonnes	Aug. Tonnes
Gopeng	175½	178¼	179½
Tanjong	28¼	25½	18
Idris	36½	17½	17
Pengkalen	13	18½	22½

Eldorado to lend uranium

THE CANADIAN Government's uranium mining and processing company, Eldorado Nuclear, has disclosed that it is the lender of uranium oxide to Agnew Lake Mines, which is owned by Kerr Addison of the Noranda Group.

Last month Agnew Lake announced that it had borrowed 600,000 lbs of uranium oxide to supply a South Korean utility and had an option to borrow a further 1.4m. lbs before the end of next year.

Eldorado's president, Mr. N. M. Ediger, said: "We happened to have the material available over the period that Agnew Lake needed it."

Agnew Lake is receiving $40 (£25.2) a pound from the South Koreans and this confirmed what was assumed to be the prevailing level of uranium oxide prices on the spot market. Since then, however, the escalating trend in prices of material for future delivery has been underlined by a report in the American publication, Nucleonics Weekly. This said that Pennsylvania Power and Light was paying fixed prices ranging from $56 to $62 in 1980-82 for supplies from United Nuclear.

Eldorado itself is preparing for capital expenditure of more than $100m. (£63m.) by 1980. It is planning to install new refining capacity, with one plant in Ontario and a second in Saskatchewan. Sites are being investigated. At the moment Eldorado has one refinery at Port Hope in Ontario, but enlargement is impossible because of physical and environmental limitations.

Meanwhile Camflo Mines and United Siscoe Mines plan to start next month a uranium exploration programme on a property in north western Manitoba. Uranium has been encountered in preliminary work. The provincial Government has a half interest.

NEW MINISTER FOR BC MINES

The provincial Government in British Columbia hopes to introduce more mining legislation next spring, to follow up changes introduced earlier this year. The undertaking was given by Mr. James Chabot in initial comments made as he took up the mining portfolio in a Government reshuffle.

Reports from Vancouver suggest that the industry has been encouraged by Mr. Chabot's approach to his new job. He said confidence *needed to be restored* so that risk capital could be attracted for mining developments.

The provincial Government has already stated that it wants to keep mining taxation at a fair level. A new basis of taxation was introduced last June and the previous much-criticised royalty on sales, regardless of costs, was eliminated.

BENGUET THINKS ABOUT SHUTDOWN

The biggest gold producer in the Philippines, Benguet Consolidated, with production costs in the third quarter of this year at $142.82 an ounce, is threatening to stop gold mining.

Announcing depressed results for the first nine months of this year, the president, Mr. Jaime Ongpin, said: "In the absence of a subsidy or an early sharp recovery in gold prices, the company must consider the suspension or phase-out of its gold operations." In fact the gold price has strengthened markedly in the past few days and closed yesterday at $131⅝ an ounce.

Benguet made a loss on its gold operations of $1.05m. (£644,963). *in the first nine months and of* $621,067 in the third quarter alone. Overall net profits for the group so far this year are $2.32m. (£1.42m.) or 14 cents a share, compared with $4.99m. or 22 cents a share in the first three quarters of 1975. The latest figures would have been worse but for a 117 per cent. earnings increase to $627,200 on pyrites, copper and chromite operations.

For the past year, Benguet has been retaining its gold production in stock, waiting for a significant improvement in the market price. Monthly production this year averaged 9,064 ounces against 10,691 ounces in the first nine months of last year

S.A. LANDS

South African Land and *Exploration announces that, of* the 3.3m. shares offered in the recent one-for-one rights issue at a price of 60 cents per share, subscriptions have been received for approximately 88.8 per cent. The balance of approximately 11.2 per cent. will accordingly be subscribed for in terms of the underwriting agreement The offer closed on November 5 Certificates in respect of shares subscribed will be posted to applicants on or about November 26

Dawes cuts loan portfolio

G. R. Dawes, the banking subsidiary of the Birmingham-based G. R. Dawes Holdings, has reduced its loan portfolio further by more than £1m. since the end of its year ended March 31, 1976, the chairman, Mr. Howard Dawes, says in his annual statement. The accounts show that during 1975-76 outstanding loans, after pensions, had already been reduced to £3.7m. from £4.9m.

Mr. Dawes explains that they are reluctant to re-lend the money at present, preferring high liquidity and attractive market interest rates.

Generally, "the Board continues to be convinced that there is no case for indulging in significant capital projects with their attendant risks." As a result, the policy continues to be one of "cautious and modest development of the existing subsidiaries."

Since the year-end, the 44.6 per cent. holding in Centreway Securities has been sold for £482,000 after expenses, *and* £206,000 has been receive in the same connection through repayment of convertible loan notes.

Shareholders are told that there has been further expenditure of over £550,000 on the new office building which the group now occupies. During 1975-76 the G. R. Dawes banking subsidiary acquired Eaubrink River Farms for £100 and advanced that company £321,000 for the purchase of 738 acres of arable farming land in East Anglia.

Pre-tax profit of the group before minority items was £1.86m. in 1975-76, against £1.77m. in the previous year, and the balance after minorities was £1.68m. £1.64m.). Earnings, before net extraordinary debits of £227,000 (£268,000), were £800,000 (£818,000).

The accounts show that the extraordinary debit of £227,000 was more than explained by writing off £306,000 on the investment in Centreway, after tax relief of £35,000.

A breakdown of the £1.86m. pre-tax profit in 1975-76, before minorities of £184,000 (£125,000), shows (figures in £000s): G. R. Dawes £249 (£293); Anslow £382 (£459); Cole of Bilston £412 (£270); Gecco Products £640 (£400); *minor investments* loss £12 (profit £56); group overheads £97 (£85); bank and loan interest payable by G. R. Dawes net £73 (£41); and associates' profits £358 (£414).

TAP STOCKS

The prospectuses are published to-day in connection with the issue by the Treasury of £600m. of 15¼ per cent. Loan 1996 at £97.50 per cent. and £600m. of 14 per cent. Stock 1982 at £98.25 per cent.

Interest on the 15¼ per cent. stock is payable half-yearly on May 3 and November 3. The first payment will be on May, 1977, at the rate of £7.23 per cent.

Interest on the 14 per cent. stock is payable half-yearly on March 16 and September 16, with the first payment of £4.80 due next March.

A CHANGING WORLD FOR CARPET MANUFACTURERS

Moving up market and into exports with new technology

BY RHYS DAVID

CARPET MANUFACTURE in the U.K. is already a keenly contested business, and to judge by a number of recent moves, could soon be experiencing a period of even tougher competition.

At retail level a lot of attention is certain to be concentrated on the impact made by Marks and Spencer with the introduction of carpet ranges in a limited number of stores—its second attempt to develop carpet sales. At the manufacturing stage, a number of companies are now installing new generation machines which they hope will provide a further breakthrough in printing—the tufted carpet that really looks like a woven Axminster or Wilton. Carpets International, the biggest U.K. group with around 15 per cent. of the market, has recently announced that it will be spending £3m.-£4m. on new Austrian printing equipment, and a smaller concern, Shaw Carpets of Barnsley, has become the first British licensee of the Millitron printing technique developed by Deering Milliken in the U.S.

Other moves are being made in the perennial battle between fibres, with wool seeking to increase its share in the cheaper tufted system to compensate for the decline in wovens production — now less than one-third of total output. The acrylic producers are also hoping to improve the printing performance of their fibre to challenge the strong position held by nylon, the biggest carpet fibre.

These developments within the industry — most of which were either on show or being talked about at the recent carpet exhibition at Harrogate — come at a time when there are signs that business conditions may be improving, even if only slowly. A number of companies have been able to announce improved results for the first half, with Carpets International reporting profits for the first six months of £1.7m. against £690,000 for the same period last year. BMK also increased its profits for the year to the end of June from £436,000 to £893,000.

Sterling

The home market is traditionally at its strongest in the three months leading up to Christmas, though the new credit squeeze, and in particular high mortgage rates, are likely to depress home-buying and carpet purchases before long. Exports have been buoyant, however, with sales overseas in the first six months of this year up 50 per cent. by value and 40 per cent. by volume on the first half of 1975.

With the further fall in the value of sterling, British carpets are now highly competitive in most markets, though higher raw material costs cancel out some of the exchange rate advantages. Carpets is an area where Britain remains firmly among the world leaders, with the biggest industry in Europe, and the only one producing a full range of traditional woven Axminsters and Wiltons and the newer tufteds. Imports have captured less than 3 per cent. of the U.K. market, while exports this year — by an industry which employs 34,000 people, mainly in Worcestershire, Yorkshire, Scotland and Northern Ireland—are expected to top £100m., accounting for around 20 per cent. of output.

The industry's very competitiveness, however, has been the cause of one of its main problems, as the poor return on capital made by most companies indicates. Tufted manufacture — a process which punches the face fibre through a backing—has been a relatively easy field to enter, and its fast growth in the 1960s and early 1970s brought in many small operators. The next move by the industry was the printing of tufteds and here again massive over-capacity has developed. It is estimated that current printing capacity of around 70m. square metres a year in the U.K. is double the market requirements. Britain has about 15 out of the 70 printers in the world *(mostly in the U.S.)* with Associated Weavers, the second biggest U.K. carpet group, operating four of them.

Against this background the decision by Carpets International, which already has a printer, to start trials leading to the installation in two years time of a new Zimmer printer with a capacity of 5m. metres per year, and the launch by Shaw—also an existing printer —of its new Millitron range, may seem odd.

The aim in both cases, however, is to move upmarket with a product technically superior to existing printed ranges and which can escape from the cut-throat competition of the mass market and command a premium price. Conventional printing methods involve passing carpet face material through rollers—or under a screen—and the fabric is in effect then coated with dyestuffs. With the Millitron system the carpet passes under a head with 100 jets to the square inch positioned along it, each individually controlled by computer. The Zimmer machine now being developed works on broadly similar principles. Both machines have the advantage of making it possible to change designs and colours very quickly: whereas on conventional machines the rollers would have to be changed, on the new machines new designs can be printed onto fabric without stopping and within inches of the old, simply by changing the computer instructions.

Woven

"This provides us with the ability to design work on the machine and makes it possible to produce small runs for individual retailers economically," Mr. James Hartley, chairman of Shaw, claims.

Perhaps the main attraction to the producers, however, is the prospect that with more sophisticated printing it will be possible to make a carpet which can be slotted into the market somewhere above the high volume tufteds and below the traditional woven carpets. Wovens have been declining as a proportion of output for some years and could be put under further pressure by the recent rises in the price of wool.

Another factor which is likely to operate increasingly against wovens is the labour intensiveness of their manufacture and the difficulty of replacing an ageing labour force. Wovens are expected to occupy a role mainly at the top end of the market and in some specialised applications. For example, some of the leading manufacturers, such as Brintons and Carpets International, have developed substantial sales into the contract market in the U.S., where woven carpets can score with their hard wearing qualities.

The new systems being tried by Carpets International and Shaw are likely to be watched very closely by other carpet groups, at least in part because they could have a significant effect on the shape of the industry over the next few years, as well as on its products. The new equipment is more capital intensive than its predecessors and is likely to be beyond the reach of many of the smaller companies which may find it increasingly difficult to survive at the bottom end of the market. But the move to sophisticated technology may not be without its hazards. The machines are going to put increased demands on working capital and will make it all the more essential that companies using them produce acceptable designs at prices that the public is prepared to pay.

Competition from existing printers will also continue to be strong. Companies which have installed printing equipment over recent years have been seeking to improve the quality of their products and to move up market. Donaghadee Carpets, part of Carrington Viyella, has introduced three ranges this year using the BDA machine produced by another part of the CV group.

This operates by sucking dye through the carpet and is claimed to have many of the advantages on deep pile carpets which the injection methods offer. In a bid to create a higher quality product Donaghadee has also developed a new backing to replace foam rubber which the public still associates with cheaper carpeting. Donaghadee's system uses traditional jute backing linked by a sandwich of foam to the pile and if necessary the customer can add his own underlay.

The other question raised by the introduction of these and other improved methods of producing tufted carpets is whether they will help U.K. concerns to boost further their export performance, which shows some significant gaps. The industry has managed to step up its sales of tufteds alongside its woven ranges—a market now largely supplied by Britain—and tufteds account for around 70 per cent. by volume and around half by value of sales abroad.

The industry has remained strongly biased, however, towards its traditional markets and has not made as great an impact as might be expected in Europe. Australia, with total purchases valued at £5.8m., was the biggest single customer in the first six months of this year, followed by Denmark (£5.7m.) and Ireland (£5.3m.). Purchases by West Germany, a major carpet buying market similar to Britain totalled only £4.9m. and exports to the U.S. came to only £2.5m.

Europe

Though the U.K. has been ahead of most other countries in the development of inexpensive good quality carpeting for the mass market it is in danger of allowing other countries, such as Germany, to capture the biggest share of European markets. In the countries of southern Europe, in particular, substantial growth in demand is likely to take place over the next decade as people want as many carpets round their houses as do northern Europeans. In patterning and printing, another area where Britain has held a strong lead, other countries are also catching up, and apart from Shaw a number of European companies will be licensed to use the Millitron machine.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. (01-836 3161)
ENGLISH NATIONAL OPERA
Tonight and Fri. 7.30 Rigoletto: Tomor. and Sat. 7.30 Cavalleria Rusticana and ...

THEATRES

GARRICK THEATRE. 01-836 4601. Evenings 8.00. Fri., Sat. 6.00 and 8.40
RICHARD BECKINSALE

THEATRES

PHOENIX THEATRE. 01-836 8611. Evenings 8.15. Fri., Sat. 5.45 and 8.45.
CARTE BLANCHE

CINEMAS

CASINO. Old Compton St
Sylvia Kristel in EMMA...
Progs. 2.45, 4.20, 7.25 ...

ART GALLERIES

…TERNATIONAL FINANCIAL AND COMPANY NEWS

…NATIONAL AIRLINES

…ippon makes Y1bn. … TriStar loans

…ARLES SMITH IN TOKYO

TOKYO, Nov. 8.

…PPON AIRWAYS, the … domestic airline which … TriStar aircraft, has … that it made a foreign … profit of Y1bn. (just …m.) during the six … from April to Septem… result of an apprecia… the value of the yen.

…irline originally conver… …ign exchange loans for …s of TriStar and other … at an exchange rate of … the dollar but paid off …s at the end of Sep… at a rate of Y287.45 to …r, an ANA spokesman …

…sulting Y1bn. exchange …s almost equal to ANA's … profit during the …tember period of stretching over a period of 17 years. If the Yen stays above a rate of 305 to the dollar during this period, ANA should be in a position to go on chalking up foreign exchange profits.

Leaving aside the foreign exchange windfall, ANA seems to have done only moderately well during the six months from April to September. The airline carried 7.5m. passengers compared with 6.88m. a year earlier and increased its operating revenue by 10 per cent. to Y99.8bn. Recurring profits came to Y1,010m. (compared with a loss of Y532m. in the April-September period of 1975). The big improvement, however, was in after-tax profit which was up more than five-fold to Y249m. reflecting the extra bonus of the foreign exchange earnings.

ANA says it is forecasting recurring profit for the year from last April at around Y2bn. The company plans a special meeting of its stockholders on December 17 at which the president, Mr Tokuji Wakasa, who was arrested and indicted on Lockheed bribery charges, is expected to resign. A reshuffle of directors is expected to be agreed on at a regular meeting of directors on December 29.

…will be taking delivery …more TriStars in Feb… …d March next year bring… …ictal fleet to 18. After …has outstanding options …her three aircraft.

…sion on whether to take …ptions is expected to be …ithin the next month. … without the options, … ANA has foreign ex… …iabilities in connection …e TriStar purchases

…A sets up world …de insurance interest

…F. Lee

SINGAPORE, Nov. 8.

…ORE AIRLINES (SIA) …red the insurance busi… …h the setting up of a …wned subsidiary known …gapore Aviation and … Insurance Company.

…ompany, which has just …ced operations, has a …capital of S$5m.

…substantial in-house in… … expertise in aviation …e, it plans to participate … insurance business not … SIA but also of other …in the world.

…btedly, SIA's move is …ed at reducing its rapidly …surance costs as well as to generate additional revenue for the group.

Meanwhile the airline has announced that it is posting its deputy managing director, Mr. Lye Khay Fong, to Washington this month.

Mr. Lye's posting is significant in the sense that SIA has been negotiating for some time for traffic rights to the U.S.

Despite several rounds of talks with the Civil Aviation Board of the U.S., SIA has still not been able to secure the appropriate traffic rights. Mr. Lye's new posting is thus to prepare for the expected tough negotiations when talks are renewed.

…A civil war loss estimated

…SE-BASED Middle East … (MEA) will lose an …d £12m. ($19.2m.) as a … the civil war there. air… …ials said in London, …made a profit of £6.5m. …) in 1974 but lost £2.5m. …in 1975, it was stated. …president and chairman, … Najib Alamuddin, … the Lebanese civil war …closing of Beirut airport …company's problems.

… criticsed other airlines … "lack of understanding …operation," during the … crisis. He alleged … been taking advantage … traffic," which, by any reckoning, belongs to MEA and was built up over the years by MEA."

The MEA president said the company had "no real financial problems as they (losses) can be covered from reserves leaving the airline's capital of £17.25m. ($27.6m.) intact."

Majib said that MEA would land at Beirut international airport "within two hours" of its reopening. "A company that has survived 18 months of civil war, including four months denial of its home base, is not going to give up easily," Najib said.

UPI

Scrip issue and rise in profits at TNT

By James Forth

SYDNEY, Nov. 8.

THOMAS NATIONWIDE Transport, international transport group, boosted profit 26.6 per cent. in the first quarter of 1976-77 and plans a one for ten scrip issue. Details were given to-day by the chairman, Mr. Frederick W. Millar, at the company's annual meeting in Sydney. Mr. Millar also forecast a 35 per cent. increase in profit for the full 1976-77 year, from $A12.8m. to $A17.5m. Earnings for the September quarter rose from $A3.2m. to $A4.1m. lifting earnings per share from 5.6 cents to 6.2 cents, and outpacing the gain in revenue, which increased 13.6 per cent., from $A85.6m. to $A97.2m.

New shares will rank for the final dividend payment for 1976-77 and it is expected the current dividend rate will be maintained on the higher capital. Last year TNT paid 8.5 cents a share in an interim 4 cents and final 4.5 cents.

Mr. Millar said results for the first quarter were pleasing in view of the continued difficult trading conditions prevailing throughout the world. The performance of the overseas operations was in line with the budget for the quarter but the Australian operations did not achieve budgeted levels. There was still little evidence in Australia of a sustained upturn in economic activity and this had reflected in variations in performance across the range of the group's Australian activities. TNT supported the Government's Budget strategy to stabilise costs and defeat inflation by freezing its Australian freight rates until March 1977, Mr. Millar added.

Mr. Millar described 1975-76 as a year of consolidation for TNT. North American operations, in particular Canada, performed well.

Early voyages of the new transatlantic shipping venture with two ships were poorly loaded but there were now four ships operating a weekly service in each direction and the loadings were excellent.

Ataka workers oppose merger

By Douglas Ramsey

TOKYO, Nov. 8.

WORKERS AT ATAKA, the failing Japanese trading company, are still opposed to its merger with C. Itoh and Co., and recent Press reports suggest that union militancy may convince C. Itoh to call off the merger. Spokesman for both companies denied that any new decisions had been made in the matter, and C. Itoh stressed that "Ataka's problems with the unions are its own business."

C. Itoh, in fact, stands to overtake Marubeni as the third largest trading company in Japan if it merges next April (as forecast) with Ataka. But the formal decision to proceed with merger negotiations is still pending while C. Itoh studies the financial report on Ataka prepared by its bankers, Sumitomo and Kyowa. Sources say a decision to negotiate (with Sumitomo, not Ataka) will be made shortly, and if the talks go smoothly an agreement to merge could be signed in late December.

C. Itoh, however, has had reservations from the start about the merger deal. First, Ataka is in poor financial shape with a bloated payroll. Sumitomo, acting as marriage-broker, has reported on the balance sheet, and has suggested ways for Ataka to cut personnel. But every Ataka move is countered by the National Federation of Commercial Workers' Unions and its affiliated Ataka Employees' Union.

According to a C. Itoh spokesman, the squabble with the unions is an internal Ataka matter which, in any case, will have to be solved together with Sumitomo. The spokesman also denied a report in a Tokyo business newsletter, Seikei, that his company had notified Ataka that "the envisaged merger between the two firms would be impossible given Ataka's intra-firm situation."

It is considered highly unlikely that union opposition, even to redundancies at Ataka, would be successful in undermining a major deal of this sort. But C. Itoh may be looking at Ataka's union problems and wondering whether it is wise to proceed with merging two employees' unions. This doubt, as much as the lengthy assessment of Ataka's precarious financial situation and its efforts to rebuild, is a key element in C. Itoh's cautious attitude toward opening the merger negotiations.

Wheelock trading resumes

BY PHILIP BOWRING

HONG KONG, Nov. 8.

TRADING IN SHARES of Wheelock Marden resumed to-day after a two-week suspension which was initiated at the first announcement of Hongkong Land's interest in taking over the company.

Any offers from either Hongkong Land or Hutchison, which is also interested in Wheelock, are still likely to take time to materialise while both elicit information on Wheelocks which will allow them to assess the value of the company.

The decision to re-list represents something of a retreat for the Securities Commission and Takeover Panel, which had been worried about the possibility of insider trading on any bid terms, and the creation of a false market. Both Wheelocks advisers, Wardley Ltd. and the Hongkong Stock Exchange, Wheelocks' listing exchange, were strongly behind a resumption of trading.

Heated argument

Argument had become quite heated, with accusations from the HK Exchange that the Securities Commissioner had been exceeding his powers and that the question of suspension was the prerogative of the listing exchange.

The exchange claimed that the suspension was particularly harmful to small shareholders. Certainly there were reasonable arguments in favour of relisting. But for the HKSE to argue for the small man and emphasise its own prerogatives sounded hollow to observers who for years have seen the HKSE do little or nothing to protect shareholders from abuses perpetrated by companies listed on it and by some of its members.

Wheelocks traded in the $HK2.80-2.85 range, compared with a pre-suspension price of $HK2.55—which had risen sharply shortly before the announcement of talks—and price post-announcement unofficial trading at one time of $HK3.00-3.20.

LAP HENG

Background to a bidder

BY PHILIP BOWRING IN HONG KONG

LAP HENG Company of Hong Kong, which on Friday announced a bid for U.K. watch and clock manufacturer and distributor Ingersoll, is itself both a manufacturer and distributor of watches and clocks. It has been a major beneficiary of the very rapid growth of the Hong Kong watch industry in recent years, both from the point of view of manufacture of parts, assembly and distribution.

It markets and distributes in Hong Kong, two major Swiss brands, Juvenia and Universal Geneve. It manufactures watch cases in Hong Kong, and has a 50 per cent. stake in Ricoh watches of Hong Kong which manufactures electronic digital watches. It also has minority interests in companies in Taiwan engaged in manufacture of watch parts and cases, watch assembly and marketing and distribution.

Its one U.K. activity is a one-third interest in Watches of Japan, a marketing and distribution organisation. Lap Heng further has substantial property assets and investments in Hong Kong which account for the bulk of its $HK100m net assets shown in the March 31 balance-sheet.

Last year the company made a profit after tax of $HK16.8m (excluding an extraordinary item). The chairman is Mr Lipton Chuang and there are three other Chuangs on the seven-man Board.

The Lap Heng move comes a few months after Stelux, another major Hong Kong manufacturer, assembler and distributor of watches, announced acquisition of a 27 per cent. stake in Bulova the quoted American watch maker from Gulf and Western.

Pioneer forecasts Y11bn.

TOKYO, Nov. 8.

PIONEER ELECTRONIC CORPORATION, Japan's biggest overall maker of audio equipment, is certain to report a record net non-consolidated income of Y11bn (Y5.86bn.) for the year ended September 30, on estimated sales of Y160bn. (Y108.41bn), director Masaru Inagaki said.

Inagaki told Reuters in an interview that because of the earnings improvement Pioneer decided on a large increase in the year's dividend to 48 per cent. (30 per cent.) of Y24 (Y15) per share.

He said the larger dividend payment aimed to prevent the payout ratio from declining to 3.3 per cent., which would have occurred without the dividend increase.

The dividend increase will bring the payout ratio to 14 per cent., against the previous year's 13.7 per cent., Inagaki said.

He said Pioneer hoped to raise the ratio to 20 per cent., the level expected of Japanese firms by the Japanese Government.

He declined to give precise details before Pioneer's results were officially announced later this month.

Inagaki, who is also general manager of Pioneer's corporate planning division, said the estimated record earnings were greatly helped by good export performances, particularly in sales of audio equipment and car stereo systems in the U.S., Europe and Australia.

Inagaki also said the export ratio to overall sales exceeded 50 per cent., against the previous year's 39 per cent.

He said a demand recovery in the U.S. and overseas markets boosted export shipments, improving production operations and helping to reduce costs.

Reuter

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Against the trend at Pfaff Group as sales rise

BY GUY HAWTIN FRANKFURT, Nov. 8.

THE G. M. Pfaff group has done very well in 1976, contrary to the experience of many other West German machine manufacturers. Consolidated turnover rose by an overall 21 per cent. in the first three-quarters of the year, and the concern expects the improvement to continue into the remaining three months of the year.

A circular to shareholders states that January to September turnover totalled DM.373.2m. (£94.7m.) compared with DM309.7m during the same period of last year. Home sales accounted for 39 per cent. of turnover while the remaining 61 per cent. was generated overseas—exactly the same proportion as last year.

The improvement was noticed primarily in the industrial machinery sector where turnover rose 26 per cent. from DM 176.8m. to DM.221.9m. The domestic machinery sector—Pfaff is a leading maker of sewing machines—fared rather worse with sales rising 13 per cent from DM.110.3m. to DM.125.1m. Sales of sundry products totalled DM26.2m., 16 per cent. up on the DM.22.6m. recorded in the opening three-quarters of 1975.

According to the circular, price rises played only a very small role in the turnover increase. Cost increases on the raw material side and in the personnel sector have been lower than in 1975.

No indication of the actual earnings figure was given. The circular, however, said that profits had shown a pleasing improvement in all product groups as a result of the general improvement in the business climate. In the industrial machinery sector, sales have shown a considerable improvement on the weak 1975 performance and in almost every product groups were up on the 1974 turnover total. The development of business in the important European markets — in contrast to the domestic market and most overseas sales areas — was still not satisfactory.

The order book had risen further, said the circular and capacity of Pfaff's works was fully utilised. Earnings in the industrial sector had shown a substantial improvement.

An improvement in the domestic machinery market had been noted from the beginning of the year, both at home and in Europe as a whole. Earnings were also up on the 1975 figures.

This year Pfaff's executive Board is expecting to at the very least reach the target set at the beginning of 1976 and the circular forecasts that the final results will show a measurable improvement on last year's performance. However, the circular gives a warning that the group's strong dependence on exports means that future development of its business remains dependent on the world's economic situation.

Montefibre raises funds for wages bill

By Tony Robinson

ROME, Nov. 8.

MONTEFIBRE, the heavily loss-making fibre and textile division of the Montedison Group, which two weeks ago announced that it had run out funds and was unable to pay more than 40 per cent. of the October wages bill for its 30,000 employees, has now announced that it has been able to raise the cash required. This means that employees will receive the rest of their October salary on Thursday, November 11.

It does not mean, however, that Montefibre, saddled with a series of obsolete plants and a heavy investment programme, is out of the financial woods.

The decision to pay only part of the October salary, together with notification that it proposed to lay off 5,000 employees of its Stand supermarket subsidiary, has served to dramatise the financial plight of the Montedison Group.

VW director in Mexico

VOLKSWAGENWERK AG managing board director for finance Friedrich Thomee is in Mexico discussing possible Mexican participation in VW Subsidiary Volkswagen de Mexico SA reports Reuter from Wolfsburg.

U.S. TYRE COMPANIES

Prospects after the strike

BY STEWART FLEMING IN NEW YORK

SEVERAL OF the leading U.S. tyre companies have just reported what in total must amount to their worst quarterly earnings results in memory.

Goodyear, the industry leader with total sales approaching $6bn., reported a third quarter loss of $5m.—its first quarterly deficit since 1937; Uniroyal suffered a loss of $8m. and B. F. Goodrich, a loss of $20m. on sales of $426m.

The loss suffered by Goodrich reflected a $12m. write off on the sale of its Dutch plant, but even leaving this aside the third quarter has been an unending tale of woe for these companies.

Firestone, number two in the industry has an October year end which makes comparisons difficult but it was clear from the company's third quarter earnings to July 31 that profits were under pressure.

The explanation of this, on the face of it, astonishing setback for the major companies in the industry is, of course, the rubber workers strike which closed down these four corporations from April 20 to September 5 (from the companies point of view the story makes even worse reading because some of their leading competitors including General Tire and Michelin were unaffected).

The impact of the strike began to be felt in the second-quarter for the companies with a calendar fiscal year. Goodyear, for example, reported a 40 per cent. drop in profits in its second quarter. But as B. F. Goodrich pointed out in its third quarter statement, with tyre stocks high when the strike began it was some time before the shut down began to work though to the company's bottom line.

By August, however, with inventories running down but overheads and salaried staff still being paid, profits suffered for the internationally orientated tyre companies. Moreover, changing currency parities have added to their problems with Goodyear, for example, claiming that as a result of devaluations in Brazil, Mexico and the U.K. it incurred losses of $5.5m.

Having come through the strike, the companies and Wall Street analysis of their shares are already beginning to anticipate a swift recovery in profits—But there are serious doubts about how long this recovery will be sustained.

So far as the initial profits outlook is concerned, there are some fairly obvious reasons why the immediate trend in profits should look better and why companies such as Uniroyal are already forecasting an upturn in the final quarter.

During what proved to be the longest strike in the industry's history, tyre stocks in the U.S. were, according to some estimates, almost halved. Re-stocking, which could go on well into next year, will have the tyre companies running at production levels well above their break even points at which overheads are spread and profit margins improved.

In addition the shortage of tyres itself is helping the industry to push through price rises to around 14 per cent. and the indications are that the increases are sticking. While higher wage costs will eat into some of these profits—the rubber workers award, with its catching-up content was probably the most generous wage contract of the year—the tyre companies are still facing a highly profitable short term future.

> "The long term growth trend for tyres currently looks to be around only 1 or 2 per cent. a year . . ." A comment from a leading analyst.

If the auto industry continues strong too as the manufacturers themselves anticipate then industry shipments of passenger and truck tyres which are expected to increase by around 10 per cent. to 210m. this year could rise a further 8 per cent. to over 226m. next year.

It is this sort of optimistic picture which has attracted investors' interest in the companies' shares. But Wall Street's investors are all too aware that, looking further ahead, the outlook darkens.

As Mr. Harry Millis, an analyst with the Cleveland investment firm of Prescott, Ball and Turban points out, the long-term growth trend for tyres currently looks to be around only 1 or 2 per cent. a year. It is significant too that the 1977 forecast for tyre output is still just below the peak achieved in 1973.

Thus senior executives of the U.S. tyre companies such as Mr. Pendleton Thomas, chairman of B. F. Goodrich, do not shy away from admitting that the growth potential of the tyre market "leaves much to be desired."

Over-capacity and price cutting (which could re-emerge towards the end of next year) are problems which are not just going to go away, especially as the longer wearing radial tyre increases its market penetration from its current level of perhaps 40 per cent. of the market.

An even bigger problem in the eyes of some executives, however, is that the overcapacity is being exacerbated by the ambitious plans which the French tyre company Michelin, has well under way.

Michelin is already producing an estimated 6m. primarily radial tyres a year from its Greenville, South Carolina, plants—accounting for close to 10 per cent. of the radial tyre market. Michelin's estimated $600m. investment programme in the U.S. will give it a much bigger share including a commanding position in the radial tyre market for trucks where it seems to have a technological lead.

Some of the compa[nies are] making great play w[ith] diversification policie[s] those such as Goodyear [and Fire]stone, some three-qu[arters of] whose sales are relate[d to tyres] diversification can onl[y have a] marginal impact on operations in the shor[t term] overseas expansion is thought to be just as [important] as direction for growt[h] such as Goodrich and [parti]cular General Tire, w[hich earns] perhaps a third of thei[r] from tyres, have alrea[dy pushed] their diversification in[to] and polyvinyl chlorid[e produc]tion.

Further, Goodrich, a largest U.S. manufa[cturer of] PVC compounds, is el[...] on shifting assets fu[...] chemicals and perha[ps...] down its less efficient [...]tions. The decision [...] of Holland—and its [...]man plant is probabl[...] the company as d[...] gives some indication [of the com]pany's thinking.

But while there is [...] about the trend, the [...] doubt either that [...] existing scale of the [...]ments to the tyre [...] chances of any of [...] companies just dro[pping] tyre production [...] which means tha[t...] to find other wa[ys to] maintain profit[s...] in the longer [...] mature, low [...] harbouring the [...]ture.

EUROBONDS

N. Sea loan terms reflect liquid market

BY TONY HAWKINS

THE NORWEGIAN North Sea Gas consortium is to raise DM100m. with the issue of 12-year Euromark bonds on a coupon of 7½ per cent. Both the shift to a longer maturity and the coupon of 7½ per cent. reflect the liquid market conditions in the Euromark sector at the present time. Earlier 12-year issues this year by Norpipe and Norsk Hydro have come to the market at 8 per cent., but are standing at current yields of 7.85 per cent. and 7.67 per cent. respectively.

The North Sea Gas issue has an average life of 9.9 years which is more than a year longer than the average life for both the other two 12-year (final maturity) issues.

The North Sea Gas issue is expected to come to the market at a slight discount and a price of 99½ is expected.

Final terms were announced yesterday for the Ricoh Company of Japan $15m convertible issue, due 1981. The coupon remains at 6¼ per cent. as indicated with a conversion price of Y439 which gives a conversion premium of 8.39 per cent. on yesterday's closing price of the ordinary shares on the Tokyo Stock Exchange. The exchange rate throughout the conversion period has been set at Y295 to the dollar.

In the secondary market, prices continued to drift lower by up to a quarter reflecting lack of interest on the part of buyers. Some dealers suggested that this might mark the beginning of the normal seasonal trend in Eurobond dealing with buyers being reluctant to undertake new commitments in the final six weeks of the year while some institutions tend to undertake tidying up operations.

The South of Scotland Electricity Board is to raise $75m. with the issue of five-year bonds on a coupon of 8¼ per cent. First Boston (Europe) is lead manager and the bonds will have a Treasury guarantee.

Electricity Board

THE SOUTH of Scotland Electricity Board is to raise $75m. in the Eurobond market with the issue of five-year bonds carrying interest at 8¼ per cent. The issue, which is guaranteed by the Treasury, will be managed by First Boston (Europe) Ltd.

BONDTRADE INDEX	Monday	Friday
Medium	101.65	101.63
Long	93.31	93.27
Convertibles	105.13	105.13

Kali-Chemie discloses interim improvement

BY GUY HAWTIN FRANKFURT, Nov. 8

KALI-CHEMIE, the chemicals concern, announced that sales rose just over 20 per cent. in the opening eight months of the year compared with a 19 per cent. increase reported at the end of April, the company announced to-day.

A report issued by the executive Board states that January to August turnover totalled DM668m. (£169.5m.), some DM112m. up on the DM556m. achieved in the same period.

While this is encouraging news for shareholders who saw the 1975 dividend cut to 12 per cent. after 18 per cent. in 1974, the recovery has been by no means general. Kali, one of the Federal republic's smaller and more specialised chemicals concerns, has found that business has been only good in parts.

Although overall turnover has advanced substantially, the parent concern's sales actually declined slightly—by 1.2 per cent.—to DM257m. Domestic sales were up 5.5 per cent. at DM210m., but overseas turnover fell back 23.1 per cent.

The Kali report stated that the rise in group turnover could be largely attributed to the inclusion in the accounts of figures of two new acquired subsidies.

Third suitor offe[rs] $285m. for Irvin[e]

BY STEWART FLEMING NEW YO[RK]

TAKEOVER bids for the west coast property developers Irvine Co., which began at $200m. earlier this year with an offer from the Mobil oil company, reached $285m. over the weekend when a third suitor entered the fray.

The new offer comes from SMBH and Z Inc., a Detroit property concern with well-known Wall Street figures as major shareholders.

On Friday previously, Mobil had raised its offer to $265m. to match a cash and notes bid of the same amount from a Canadian development company Cadillac Fairview [...] Properties. Cadillac Fairview increased its offer to $269m. and Mobil countered again with an offer of $32.50 a share, worth $278m.

Fifty-four per cent. of Irvine's stock is held by a foundation which is required by tax law to reduce its stake to under 20 per cent., and this helps to account for the company being for sale.

What accounts for the intense interest in buying Irvine, however is its valuable property between Los Angeles and San Diego, one of the most rapidly growing regions of the [...] the company [...]

The [...] 80,000 acres [...] could [...] to de[...]

● CA[...] said its [...] equals [...] consists [...] $120m. in notes [...]

Getty merger

THE MERGER [of] Company of Skelly [Oil] and Mission Corp [...] agreed on in princ[iple] companies announ[ced in New] York yesterday. T[he merger is sub]ject to approval b[y directors] and stockholders o[f the respec]tive companies, AP[-DJ reports].

Getty Oil owns 7[...] of Skely Common [...] per cent. of Missi[on] stock. Mission o[wns ...] cent. of Skelly Co[mmon]. Minority interests [...] cent. of Skelly Co[...] and 10 per cent[...] Common stock.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9½pc 1986	104¼	105¼
Amoco 8½pc 1989	103	103½
Aquitaine 10pc 1985	104½	105
Australia—Commonwealth 8½pc 1983	101½	102¼
Australian Shipping Comm. 8½pc 1983	101½	102
Austria 8½pc 1990	98½	99
Bank of Tokyo 8½pc 1981	102	102½
B.F.C.E. 8½pc 1983	101¼	102
Barclays 9½pc 1982	103½	104½
Bell Canada 8¼pc 1986	103¾	104½
British Gas 9pc 1981	100½	101½
B H P 9½pc 1981	103	103½
C.E.C.A. 8½pc 1981	103½	103¾
Comm. Union 8½pc 1986	98½	99½
Consolidated Foods 7½pc '91	95½	96
Denmark Mort. Bank 9pc 1983	101¾	102½
Dupont 7½pc 1979	102½	103
Dutch States Mines 8½pc '89	99	99½
Edinburgh 9pc 1981	99½	100½
Escom 10½pc 1983	95	97
Esso 8pc 1986	102½	103¼
E.E.C. 7½pc 1979	99½	100½
E.E.C. 8½pc 1982	100½	101
E I B 8½pc 1988	99	99½
Granges 8½pc 1990	102½	103½
Hambros 9½pc 1985	100½	102
Hamersley 10pc 1982	103½	104½
I S E 9pc 1982	103½	104½
Massey 9½pc 1991	104½	105½
McDonald Douglas 9½pc '81	103½	104½
Michelin 9½pc 1985	99½	100½
New Zealand 8½pc 1987	103½	104½
Nippon Steel 9½pc 1980	103	104
Norway 8½pc 1981	102½	104
Occidental 9½pc 1981	102	103
Ontario Hydro 8½pc 1986	99	100
Quebec Province 9½pc 1981	103	104
Sandvik 9½pc 1986	102	103
Scanraff 8½pc 1989	101½	102½
Scott Paper 8½pc 1986	103½	104½
Toyo Menka 9½pc 1981	101½	102½
Transocean Gulf Oil 7½pc 1987	98½	99½
Union Oil 7pc 1979	101	102
Volvo 9½pc 1985	104	105
Bk. of Tokyo 8pc 1983 FRN	102½	103
Midland Bk. 7½pc 1983 FRN	100½	101½
DM Beecham 8pc 1983	101½	102½
DM Montreal 8½pc 1986	102½	103½
DM World Bank 8pc 1982	103½	104½

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	82	84
Ashland 5pc 1988	83½	84½
Beatrice Foods 4½pc 1992	98	100
Beatrice Foods 6½pc 1992	111½	113½
Borden 5pc 1992	99	101
Broadway-Hale 4½pc 1987	78½	80½
Canon Camera 7pc 1990	160	—
Carnation 4pc 1987	82	84
Chevron 5pc 1988	107½	109½
Dart 4¾pc 1987	95	97
Eastman Kodak 4½pc 1988	101½	103½
Economic Labs 4½pc 1987	77½	79½
Fed. Dept. Stores 4½pc '85	115	117
Firestone 5pc 1988	86½	88½
Ford 6pc 1986	94	96
Ford 5pc 1988	86	88
General Electric 4½pc 1987	83½	85½
Gillette 4½pc 1987	75	77
Gold 5pc 1987	100½	102½
Gulf and Western 5pc 1988	80½	82½
Harris 5pc 1992	94	96
Honeywell 6pc 1986	93	95
ITT 4½pc 1987	79½	81½
Komatsu 7½pc 1990	101½	103
J. Ray McDermott 4¾pc '87	147	149
Mitsubishi Elec. 7½pc 1991	101½	103
Mitsui 7½pc 1990	101	102½
J. P. Morgan 4½pc 1987	111½	113½
Nabisco 5½pc 1988	93	95
Owens Illinois 4½pc 1987	113½	115½
J. C. Penney 4½pc 1987	83½	85½
Pioneer 6½pc 1989	232	—
Raymond 8½pc 1993	104½	105½
Revlon 4½pc 1987	108	110
Reynolds Metals 5pc 1988	86	88
Sperry Rand 4½pc 1987	94½	96½
Squibb 4½pc 1987	77½	79½
Texaco 4½pc 1988	78½	80½
Toshiba 6½pc 1990	104½	105½
Union Carbide 4½pc 1982	104½	105½
Warner Lambert 4½pc 1987	85	87
Warner Lambert 4½pc 1988	80	82
Xerox 5pc 1988	77	79

Source: Kidder, Peabody, Securities.

هكذا صدر الأصل

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Further 8.0 loss in early trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Nov. 8.

FURTHER LOSSES were recorded on Wall Street to-day, amid continued concern over the state of the U.S. economy.

By 1 p.m. the Dow Jones Industrial Average was down another 8.06 to 935.01 and the NYSE All Common Index lost a further 30 cents to $53.44, while declines

Closing prices and market reports were not available for this edition.

outpaced advances by more than a four-to-one margin. Trading volume, however, decreased 2.36m. shares to 9.34m., compared with 1 p.m. last Friday.

Among the unfavourable factors affecting prices was the rise in U.S. unemployment to 7.9 per cent. in October, compared with 7.8 per cent. in September.

IBM shed $1¼ to $260½ and General Electric $1 to $51½.

Other declining issues included Digital Equipment, down $1½ at

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Texaco	312,300	26	−⅛
Whittaker	297,000	6½	−
Amer. Home Prods.	279,200	31	−⅛
Continental Oil	237,600	44	−⅛
Tiger Inter.	195,000	10⅛	−⅛
Dow Chemical	195,900	40	−1⅜
General Motors	195,600	70¼	−1
Stand. Oil California	195,000	34	−1⅛
Travelers	192,000	25¼	−1⅛
Gulf Oil	185,200	26¼	−⅛

$144⅞, and Abbott Laboratories, off $¾ at $49⅞.

Skelly Oil tumbled $9 to $102—Skelly and Mission Corp. will merge into Getty Oil, which gave way $¼ to $184.

Standard Oil of California shed $¾ to $33⅞. **Exxon** were off $¾ at $49⅛. **Mobil Oil** gave way $1⅛ to $56½.

Among the bright spots were MCA, up $1 to $34⅛ following earnings.

Westinghouse eased $¼ to $15¾—it is being sued by three of its customers over uranium supply contracts.

General Motors were off $¾ at $70⅛, but **U.S. Steel** firmed $⅛ to $46⅞.

THE AMERICAN SE Market Value Index fell 0.56 to 99.16, while the volume decreased 260,000 shares to 850,000 shares compared with 1 p.m. last Friday.

Syntex were down $¾ at $21⅛ and **Houston Oil and Minerals** declined $1⅛ to $65⅜.

OTHER MARKETS

Canada lower

With the exception of Golds, which spurted ahead 15.1 to 200.06 on index, all other sectors gave ground in light trading on Canadian Stock Markets yesterday morning.

The Industrial Share Index lost 1.25 to 177.31, Base Metals 0.43 to 82.07, Western Oils 1.26 to 209.64, Utilities 1.19 to 142.39, Banks 1.49 to 242.68 and Papers 0.28 to 111.96.

Northern Telecom gave way $1 to $33⅛. **Alcan Aluminum** $⅜ to $23⅛, **Massey-Ferguson** $¼ to $22⅝, while **Imco** at $31½ and **Domtar** at $18⅛ each declined $¼.

PARIS — Generally lower, but Constructions were mostly steady.

Stores fell sharply, with the exception of Galaries Lafayette which gained Frs. 2.45 to 59.45 despite its increased 1976 first half loss.

Demaim eased Frs. 1.4 after announcing sharply lower first half revenues, while Air Liquide shed Frs. 0.1 despite an increased first half turnover.

Americans, Dutch, Belgians and International Oils all fell. Germans were mixed, while Golds were sharply higher.

BRUSSELS—Generally narrowly mixed in quiet trading, with lower Belgian domestic interest rates offsetting last Friday's lower Wall Street.

German, Dutch, U.S. and French stocks all fell, while U.K. shares were mixed. Gold Minings rose sharply.

AMSTERDAM — Predominantly lower.

Banks were steady, however, while most Insurances gained ground.

Transportations declined. Holland-America Line Holding lost Fls.1, KLM Fls.3.30, Van Ommeren Fls.3.50 and Shipping Union Fls.0.80.

Dutch Industrials also mostly declined, but **Meneba Bakeries and Food Stuffs** were up Fls.1 to Fls.91 and **Nutricia Foodstuffs** rose Fls.2.50 to Fls.52.50.

GERMANY—Most shares came back up to around DM4 on position-closing and Institutional selling.

Daimler declined DM4, BASF DM3.90 and Siemens DM3.50.

Major Banks also posted significant losses. Dresdner were down DM3.50, Deutsche DM3 and Commerzbank DM2.70.

Machine Makers averaged losses of about DM3 and Steels lost an average DM2.

Public Loans continued to meet good demand, with prices firming up to DM0.50. The Regulating Authorities sold DM33m. nominal of stock. Foreign Mark Loans also firmed.

SWITZERLAND — Generally weaker in fairly active trading.

Among leading Banks, Bankgesellschaft eased on its capital increase.

In Financials, recently favoured Bally fell. Bally shareholders Group Syndikats AG has denied Press reports that it is opposed to the management of the company and that it intends calling an extraordinary general meeting.

VIENNA—Easier trend.

MILAN — Prices dropped an average 1.5 per cent. and the Index hit a low for the past 18 years. The market again suffered from gloomy prospects for the industrial and economic situation as well as from credit curbs.

COPENHAGEN — Mixed in moderate dealings. Banks were easier, Communications were higher, Insurances little changed, Commodities slightly lower, Shippings also down slightly, while Industrials remained mixed.

OSLO—Bankings, Insurances and Shippings were quiet, while Industrials were barely steady.

JOHANNESBURG—Gold shares were firm, reflecting the trend in bullion overseas. An early scrip shortage eased later as some profit-taking appeared.

Financial Minings followed Producers. Coppers were mixed in quiet trading. Platinums were very quiet and easier, while other Minerals were unchanged to slightly weaker.

Industrials were quiet but steady.

TOKYO—Market rose in moderate trading. Volume 120m. shares.

Pharmaceuticals, Ceramics and Foodstuffs led the initial gains, with buying also spreading to Constructions and other Government Investment-related issues.

But Electricals, Motors and some other Export-Oriented shares continued lower.

Steels were also down on expectations that curbs on steel exports to the EEC might be tightened, but Petroleums recovered on "cheap" buying after an initial decline. Siowa Oil rose Y11 to 247.

AUSTRALIA—Markets fell to a year's low on sustained selling following the Government's new anti-inflation package, and its determination not to devalue the dollar.

BHP lost 12 cents to $A6.88 and its Rights 20 cents to $A2.70, while TMT shed 2 cents to $A1.56 despite its bonus issue and improved first quarter.

Peko-Wallsend gave way 15 cents to $A3.75 and its ranger partner EZ Industries also dipped 15 cents to $A2.95. Pancontinental fell 20 cents to $A8.40 and Queensland Mines declined 10 cents to $A1.80, but AAR rose 3 cents to .94 cents.

HONG KONG — Lower in moderate trading.

Hong Kong Land were down 15 cents to $HK6.65, Hutchison 5 cents to 3.15, Swire Pacific "A" 5 cents to 9.25, Hong Kong Electric 2½ cents to 4.725, China Light 60 cents to 26.60, Hong Kong Telephone 30 cents to 27.20 and Hong Kong and Kowloon Wharf 30 cents to 14.80.

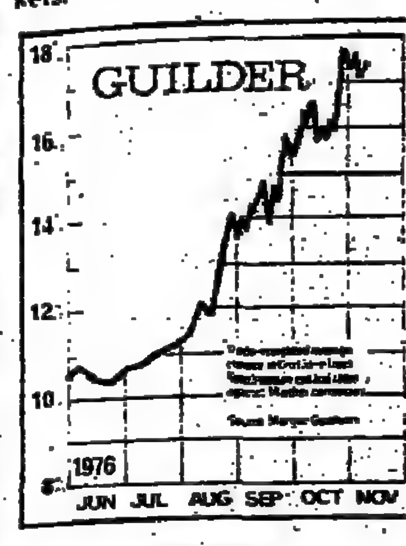
Sterling weaker

Sterling fell sharply in early trading in the foreign exchange market yesterday, but recovered its losses by early afternoon, only to fall again in thin late trading. Fears that the U.K. public sector borrowing requirement may increase by £2bn. from the original estimate, for the next financial year, pushed the pound down in the morning. After opening at $1.6230-$1.6250 against the dollar, sterling declined to $1.6160, before a recovery began on hopes of the introduction of an economic package in the near future. It touched a best level of $1.6270-$1.6280 in the afternoon, before selling from New York pushed the rate down to a worst level of $1.6140. The pound closed at $1.6155-$1.6165, a fall of 1.20 cent on the day, but trading in the late afternoon was very thin.

Publication of the wholesale prices index, showing an acceleration in the U.K. inflation rate may also have had a depressing effect towards the close. Sterling's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, widened to 46.7 per cent. from 45.9 per cent., after standing at 46.4 per cent. at noon and 46.5 per cent. in early dealings.

The dollar tended to move in line with the pound against other major currencies. Its trade-weighted depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, widened to 2.40 per cent. from 2.26 per cent.

Gold rose $4⅛ to $131½-$132 following strong speculative demand in active trading. The krugerrand's premium over its gold content widened to 3.32 per cent. from 3.25 per cent. in both domestic and international markets.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Nov. 5	Nov. 4
Sterling	0.704447	0.714505
U.S. dollar	1.15318	1.15314
Belgian franc	42.8983	42.8824
Deutschemark	2.79381	2.78714
French franc	5.75610	5.74956
Italian lira	998.020	—
Japanese yen	340.592	340.407
Dutch guilder	2.91765	2.91917
Swedish krone	4.89587	4.86798
Swiss franc	2.81929	2.81435

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

U.S.$ in Montreal U.S.$=97.58-60 Canadian cents. Canadian $ in New York C$=102.68-70 U.S. cents. Sterling in Milan 1407.80-1408.55.

EURO-CURRENCY INTEREST RATES*

Euro-French deposit rates: two-day 11¼-11⅝ per cent.; one-month 11¾-11⅞ per cent.; three-month 12⅛-12⅜ per cent.; one year 12¼-12¾ per cent.

Longer-term Eurodollar deposits: two years … per cent.; four years … per cent.; five years … per cent.

The following rates were quoted for London … month 4½-5 per cent.; three-month 5[3/16]-5[5/16] per cent.; one year 5⅞-6 per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

Indices

NEW YORK —DOW JONES

	Nov. 5	Nov. 4	Nov. 3	Nov. 1	Oct. 29	Oct. 28	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial	943.07	950.44	956.53	960.09	964.93	962.63	1014.79 (21/9)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
Home Bonds*	89.65	89.67	89.77	89.71	89.61	89.01	89.86 (23/9)	85.68 (15/1)	—	—
Transport	214.23	215.75	209.92	211.85	210.37	207.81	231.27 (14/7)	175.69 (3/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	98.00	96.42	97.57	98.54	98.08	97.45	99.02 (21/9)	84.6 (26/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	207.80	21,700	19,350	18,390	17,030	16,920	—	—	—	—

* Basis of index changed from July 1.

Ind. div. yield %	Oct. 29	Oct. 22	Oct. 15	Year ago (approx.)
	3.98	4.09	4.10	4.59

STANDARDS AND POORS

	Nov. 5	Nov. 4	Nov. 3	Nov. 1	Oct. 29	Oct. 28	1976 High	1976 Low	Since compilation High	Since compilation Low
* Industrials	112.61	114.52	114.02	115.35	116.15	115.64	120.89 (21/9)	101.64 (2/1)	134.54 (11/1/73)	3.52 (30/6/32)
† Composite	100.82	102.41	101.92	103.10	102.96	101.61	107.83 (21/9)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	Nov. 3	Oct. 27	Oct. 20	Year ago (approx.)
Ind. div. yield %	3.75	3.61	3.61	3.79
Ind. P/E Ratio	11.53	11.62	11.50	11.76
Long Govt. Bond yield	5.39	5.36	5.34	6.06

N.Y.S.E. ALL COMMON.

Nov. 5	Nov. 4	Nov. 3	Nov. 1	1976 High	1976 Low
55.94	54.70	54.58	55.00	57.51 (21/9/76)	47.08 (2/1/76)

Rises and Falls	Nov. 5
Issues Traded—1,864	Up—512
Down—953	Same—399
New Highs 43	New Lows 29

	Nov. 5	Nov. 4	Nov. 3	Nov. 2	1976 High	1976 Low
MONTREAL Industrial	177.90	178.86	177.28	178.44	207.66 (19/3)	176.40 (26/10)
MONTREAL Combined	178.40	179.20	178.01	180.95	199.78 (22/3)	175.67 (2/1)
TORONTO Industrial	178.56	179.48	178.76	181.18	197.45 (22/3)	175.01 (2/1)
JOHANNESBURG Gold	153.2	151.1	151.7	148.5	226.7 (12/3)	118.5 (25/8)
JOHANNESBURG Industrials	174.1	175.0	175.2	175.6	216.0 (21/3)	174.1 (5/11)

	Nov. 5	Previous	1976 High	1976 Low
Australia (a)	426.75	430.22	522.65 (19/4)	426.75 (5/11)
Belgium (b)	87.43	87.74	115.15 (5/2)	87.43 (25/10)
Denmark (d)	103.07	103.26	117.10 (19/8)	103.14 (14/10)
France (e)	55.5	55.5	74.5 (5/5)	52.5 (29/10)
Germany (f)	715.6	715.5	821.7 (17/5)	687.7 (29/10)
Holland (g)	84.5	84.9	100.5 (22/1)	77.9 (15/10)
Hongkong (h)	395.61	401.04	465.53 (17/5)	304.55 (5/1)
Italy (k)	52.64	57.60	91.27 (23/2)	52.64 (8/11)
Japan (m)	344.82	345.07	329.61 (1/9)	326.22 (5/1)
Singapore (n)	249.85	249.60	226.16 (5/3)	236.52 (2/1)

	Nov. 8	Previous	1976 High	1976 Low
Spain (p)	(c)	77.93	100.79 (7/5)	72.65 (22/10)
Sweden (q)	379.10	389.21	476.88 (10/6)	366.31 (3/11)
Switz'rl'd (r)	264.1	262.7	298.5 (12/5)	261.7 (29/10)

Indices and base dates (all base values 100 except NYSE All Common—50 and Standards and Poors—10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1958. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £ — 121¼% (same)

NEW YORK

Stock	Nov. 5	Nov. 4
Abbot Labs	50	52⅛
Addressograph	10	10
Aetna Life & Cas	33½	34
Corning Glass	66½	66⅜
CPC Int'national	42	43¼
Crane	26½	27
Crocker Nat	24½	24¼
CrownZellerbach	44¼	43⅜
Johns Manville	33¾	33¼
Johnson Johnson	64	65½
Johnson Control	21⅛	21⅝
Joy Manufactu'g	45⅝	44¼
Kaiser Alumin'm	33	32⅝
Republic Steel	68⅞	35
Revlon	66¼	66¼
Reynolds Metals	35⅛	35⅛
Reynolds R.J.	62⅞	63⅝
Rich'sons Merrel	25	25½
Rockwell Inter	28⅞	28½
Xerox	59½	60⅝
Zapata	10⅞	11
Zenith Radio	27¾	27⅛
Unite 5% 1983	†91	†91
U.S. Treas 4¼ 1980	†93¼	†93⅝
USTreas 4¼ 75/85	†85	†85

CANADA

GERMANY ◆

Nov. 8	Price Dm.	+ or —	Div. %	Yld. %
A.E.G.	83	−1.3	—	—
Allianz Versich.	385	+0.5	16a	2.4
B.M.W.	216.5	−2.5	18	4.2
B.A.S.F.	147.3	−3.9	14	4.7
Bayer	127.7	−0.5	14	5.5
Bayer Hypo	279		20	3.7
Bayer Vereinsbk.	280	−4	20	3.0

MILAN

Nov. 8	Price Lire	+ or —	Div. Lire	Yld. %
Alitalia Priv.	505	−15	—	—
ANIC	381	−12	—	—
Ausonia Fin.	2,921	−55	120	4.3
Bastogi	883	−18	—	—
Breda	1,870	−30	188	6.0
Burgo	8,005	−90	—	—
Cantoni	5,290	+30	—	—

BRUSSELS/LUXEMBOURG

SWITZERLAND ◆

PARIS

AMSTERDAM

AUSTRALIA

TOKYO ¶

STOCKHOLM

COPENHAGEN

GOLD MARKET

FOREIGN EXCHANGE

JOHANNESBURG

BRAZIL

SPAIN ◆

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♦ Frs.500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Shillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs; including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

FARMING AND RAW MATERIALS

Rubber, cocoa and coffee prices hit new peaks

BY RICHARD MOONEY

LONDON'S LEADING "soft" (non-metal) commodity markets had a mixed day yesterday with cocoa, coffee and rubber values all reaching new peaks. But the cocoa and coffee prices fell back in the afternoon to finish near the day's lows.

January coffee still registered a new record second position closing level of £2,252 a tonne, £21 above the pre-week-end price, but it had earlier climbed to £2,278 a tonne, encouraged by the firm tone in New York on Friday night.

The morning's upward move came despite the failure of the Brazilian Coffee Institute (IBC) to announce moves to raise green coffee export prices as had been widely predicted. Rises in export prices and taxes (contribution quotas) on Brazilian soluble coffee were announced but the absence of a similar move for green coffee has led many dealers to the conclusion that the IBC is still anxious to sell more coffee on the world market despite the heavy sales contracted recently.

In Rio de Janeiro the IBC announced that Brazil exported 1.49m. bags (60 kilos each) of green and soluble coffee in October against only 861,000 bags in September and 1.02m. bags in October last year. But the total for the first 10 months of 1976 is still well below last year's level at 11.01m. bags against 12.21m. bags in the same period of 1975.

However, Brazil's export earnings from coffee during the first ten months amounted to $1.55bn., more than double 1975's corresponding figure of $752m.

Chocolate bars

The early rise in cocoa, which was generally attributed to the renewed weakness of sterling, took the prompt position on the London terminal market above the £2,000 a tonne mark for the first time ever. But the emergence of a major trade seller in the afternoon pushed prices lower and March delivery cocoa closed £25 down on the day at £1,889.5 a tonne, after reaching £1,938 a tonne at one stage.

The announcement of last week's Ghana main crop purchases at 20,150 tons, bringing the cumulative total to 102,285 tons after five weeks, had no significant effect on market sentiment. In the fifth week of the 1975 main crop season Ghana cocoa purchases were 27,928 tons.

Fears for the effect of current record-breaking levels on world cocoa consumption were highlighted yesterday by an announcement by the U.S. Nestle Company that it was raising its wholesale chocolate prices by an amount which would increase retail chocolate bar prices from 15 cents to 20 cents. At the same time, however, bar weights are being raised by 10 to 11 per cent.

Nestle said the increases, which will be felt at retail level early next spring when stocks of the 15 cent bars should run out, were a direct result of cocoa bean price rises.

The pound's early weakness was also thought to have influenced the rise in the rubber market which took the No. 1 RSS spot physical price 3.5p higher to 63p a kilo—a post Korean War peak. On the London terminal market meanwhile rubber futures prices sustained permissible limit rises during the afternoon. Dealers noted that the price rises had been encouraged by signs of increased consumer buying.

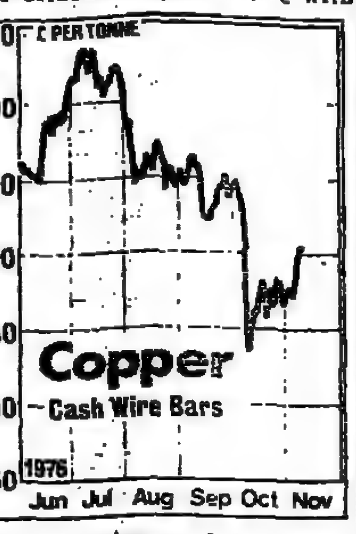
Modest rise in metal markets

By Peter Bullen

THERE WAS a modest, but general rise in values on the London Metal Exchange yesterday.

Copper prices shrugged off some early trade selling and with the New York market opening higher, London values ended just below the day's peaks at £806.75 a tonne for cash wirebars—a rise of £14.75 on Friday's close.

Sterling's fluctuations were probably a contributory factor in copper's firmness in a day described as "quite active with a good volume of business." Stocks in London Metal Exchange warehouses rose, as expected, by 3,750 tonnes to 581,125 tonnes.



A fall of 185 tonnes to 6,505 in tin stocks combined with the influence of sterling, a rise in the Penang price and some physical demand for the metal, helped to push the standard cash tin price to £5,016.5 a tonne—up £69 on balance.

Lead and zinc markets were somewhat subdued. Cash zinc had risen by £5.5 to £372 a tonne at the close with stocks rising by 575 tonnes to 112,875, a little less than expected. Lead stocks fell by only 25 tonnes to 65,800 and while forward metal showed small gains the cash price closed fractionally lower at £283.5 a tonne, down £0.25.

Silver prices also rose on the day aided by a fall of 330,000 ozs to 29,090,000 in LME stocks.

Meanwhile, from Geneva, David Egli reports: An exhaustive list of studies of different aspects of copper production and trade has been drawn up at the first meeting of experts on copper convened to provide guidelines for the Unctad preparatory meeting on copper.

The experts will apparently have a heavy work load between now and next March when they have to make their recommendations on a new international copper agreement.

TIMBER

Softwood consumers cut estimates

BY A CORRESPONDENT

THREE NATIONAL delegations withdrew their reports and forecasts prepared for the European Softwood Importers/Exporters Conference held in London recently due to economic uncertainties. The meeting was attended by six supplying and eight importing countries and those to withdraw their reports were three importing countries—U.K., France and West Germany.

The French and German delegations presented revised estimates to the conference and both revised downwards their estimates of imported softwood requirements for 1977: in the case of France by as much as 20 per cent, and Germany by a smaller proportion. The U.K. delegation declined to present any off-the-cuff estimates, but the forecasting committee will meet this week to prepare revised estimates.

U.K. estimates, later withdrawn, put both softwood imports and apparent consumption for 1976 at 7,100,000 cu. metres with the stock figure at end-December this year at 2,132,000 cu. metres. For 1977, the estimates put forward were for an import of 6,568,000 cu. metres — a fall of 7½ per cent. and for an apparent consumption of 6,700,000 cu. metres — a reduction of 5½ per cent. on the estimate for 1976.

The delegation pointed out that its estimates had been prepared on September 24, and a whole series of events since that date had combined to make them wish to think again—especially about the forecasts for next year.

Events referred to included, of course, the sudden fall in sterling which had caused Mr. Healey to cancel his visit to the IMF meeting in Manila and then, in quick succession, the hoisting of Minimum Lending Rate to 15 per cent., bank base rates to 14 per cent., and building society lending rates to 12.25 per cent. Since then there has been a further fall in sterling and the forecast of housing starts for 1977 made by the Building Material Producers has been reduced to 285,000 — down 15 per cent. on the 340,000 expected for 1976.

There seems to be little doubt that the committee, when it meets this week, will make a downward revision in the U.K. softwood apparent consumption estimate for next year. The only question is by how much. Trade sources believe a reduction between 4-6 per cent. is likely and, to take the middle figure, this would mean that the estimate of apparent consumption would be reduced to 6,365,000 cu.m.

Bad weather

To make the task of forecasting even more difficult, the softwood statistics for September which have just been released are surprisingly good. Apparent consumption in the month was 770,000 cu.m.—the highest monthly figure since November, 1973. The 12-month rolling total of apparent consumption at the end of September stood at 7,164,000 cu.m. In this situation, one of the points that has to be decided this week is whether the apparent consumption forecast for 1976 has to be increased.

If it is thought that there is a chance that consumption in October, November and December may equal that of the same months of last year, the forecast of 7,100,000 cu.m. for 1976 may be revised upwards. From reports it appears that October consumption has not been too strong with weather conditions adverse for building all over the country. On balance it seems likely that the forecast will stand especially as any upgrading will only emphasise the gap between 1976 expectations and the lower figure certainly to be put forward for 1977.

The six exporting countries represented at the conference—Austria, Canada, Finland, Sweden, U.S., and the Soviet Union —had no surprises in store. Canada hoped to increase its shipments to the eight importing countries by around 7 per cent. next year but emphasised that the increase would be in specialities rather than carcassing timber. Russia, which had sold 48 per cent. more softwood to the importing countries in 1976 compared with 1975 was not expecting to have any additional wood available next year

The timing of the first Russian offer for 1977 is always a subject for speculation at this time of year, but the Russian delegates to the conference could not have failed to note that the last thing that U.K. importers want at the moment is to have commitments too far forward: it seems likely therefore that it will be January before Exportles, the Soviet State selling organisation, makes its first approach to this market.

Poultry industry 'stagnating'

BY JOHN EDWARDS, COMMODITIES EDITOR

BIRMINGHAM, Nov. 8.

A SHARP ATTACK on the industry's "false sense of complacency about future prospects" was delivered here at the opening day of the Poultry Industry Conference by Professor J. C. Bowman of the Centre of Agricultural Strategy, University of Reading.

Professor Bowman said the indications were that the U.K. poultry industry was beset by stagnation. If consumption of poultry products was to increase and thus allow expansion of production, a good deal of re-thinking was necessary. In particular, production methods, the use of labour and feedingstuffs, and the range of products produced needed to be considered.

A considerable re-thinking of the husbandry methods for egg and poultry meat production might be necessary in the future. Professor Bowman said recent surveys had indicated labour in the industry was poorly paid compared with agriculture as a whole. Perhaps too little attention had been paid in the past to conditions necessary to employ intelligent and satisfactory labour. As labour had dropped to around 5 per cent of total production costs, it might be appropriate to reconsider working conditions.

Criticism of product quality should also not be ignored. The quality of eggs left much to be desired. Complaints about poultry meat usually related to lack of taste and the limited ranges in size of bird that could be purchased to major retail outlets.

Nevertheless, Professor Bowman said that the nutritional value for money represented by poultry meat was very high for protein although relatively poor for energy and fat. Therefore, the British housewife would be advised, if she wanted to maintain her nutrient intake at less cost, to substitute poultry products in place of such items as beef, mutton, pork and in particular fish.

Sir Alex Alexander, chairman of Imperial Foods, in his presidential review claimed that figures for the last 20 years showed poultry prices had risen less than other meats and consumption had increased far more. In terms of the choices facing the housewife at the moment, a 3.5lbs oven-ready chicken would cost her 6.2p per oz of edible cooked meat while a 3 lb joint of boneless beef would cost 10.1p per oz.

However, he pointed out that costs in the poultry industry had escalated to an unprecedented level especially for feedingstuffs. By October feeds had gone up by over 40 per cent. adding about 6p per lb to the cost of producing oven-ready boilers, 7p on turkeys and about 6p per dozen on table eggs.

Sir Alex said it was both difficult and dangerous to forecast Christmas turkey prices

OXFORD FARMING CONFERENCE

THE THEME of the 34th Oxford Farming Conference, from January 3-5, 1977, will be "a strategy for farming prosperity." Speakers will concentrate on world food production and its effects on British and EEC farming, and in particular on the changed circumstances brought about by the U.K.'s EEC membership.

The theoretical economists of the first day will be balanced on the second by papers from practical farmers.

Fall in Scottish plantings forecast

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

PRIVATE SECTOR tree-planting in Scotland is likely to fall to no more than 12,000 acres in 1976-77, compared with 36,300 acres in 1973-74, according to a survey made recently by the Scottish Woodland Owners Association.

This reduction of approximately 67 per cent. is roughly equalled by the figures for England and Wales, but here the survey made by the Timber Growers Organisation is not so comprehensive as that for Scotland. This is due to the large number of landowners involved, and the fact that much of the southern acreage is being replanted and not newly planted as in Scotland.

The reason for the fall-off has been a change in the method of taxing woodland assets, which came about in the 1974 Budget. Before that date, the planting and maintenance of forests had been favourably treated, and in particular the capital value of the timber was valued on sale for estate duty purposes at its value on the death of the first owner and not on its value at maturity.

The new measures apply Capital Transfer Tax to it on its mature value. There is also the overhanging threat of a wealth tax, which makes landowners feel there is little benefit from investing in forestry

In response to complaints by forestry interests, the Government has set up an interdepartmental review body to determine the effects of Government tax, grant and amenity policies on private forestry. Although the taxation changes have removed most of the attraction of private forestry, there is no doubt that other interests, particularly hill farming and amenity, will not be sorry to see the aggressive bidding for land of the private sector reduced to some extent.

COMMODITY MARKET REPORTS AND PRICES

METALS

closing price on the Kerb was £841.5. Turnover 25,100 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £798.5, 97, three months £832, 34, 34.5, 35, 34.5, 34, 33.5, 33, 32.5, 33. Cathodes: Cash £784, 84.5, three months £820, 19, 19.5, 20. Kerb: Three months £33.5, 34, 33.5, 33. Afternoon: Wirebars, cash £807, three months £839, 40, 40.5, 40, 41, 41.5, 41, 44, 44.5, 44, 43.5, 43.

months £5,200, 5,195, 90, 85. Kerb: Standard, three months £5,185, 70, 75.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5015-20	+75.5	5015-8	+68
3 months	5187-90	+87	5180-5	+68
Settlem't	5020	+78		
Standard				
Cash	5015-20	+75.5	5015-8	+68

SOYABEAN MEAL

Value opened approximately £1 higher trading in thin volume throughout the day. Chicago opened steadier on news that Taiwan will purchase 150,000 tons of U.S. soyabeans helping London prices to firm a shade further before the close, reports SNW Commodities.

moderate enquiry for late Nov. shipment to the U.K. East Coast but business was slow to develop with a fair gap evident between buyers' and sellers' price ideas.

Wheat: U.S. Dark Northern Spring No. 2 14 per cent. Nov. £96, Dec. £97.20 transhipment East Coast. U.S. Hard Winter No. 2 ordinary Nov. £82.50, Dec. £83.83 transhipment East Coast. EEC Feed: First half Nov. £80.75, Second half Nov. £82 East Coast.

live cwt. (+0.40): UK sheep 53.4p per lb edcw (+0.3); GB pigs £4.97 per sclw (−0.02). England and Wales—Cattle numbers down 7.1 per cent., average price £30.38 (+0.45); Sheep numbers up 10.2, 53.2 (same); Pig numbers down 3.4, £4.96 (−0.03). Scotland—Cattle down 13.5, £30.88 (+0.19); Sheep up 37.9, 52.5p (+1.0); Pigs up 18.9, £5.05 (−0.02).

COVENT GARDEN—(prices in sterling) —Imported produce: Oranges—Spanish: Navelinas 4.50-4.70; Argentine: 112/138

CALCUTTA—Firm. Indian spot Rs475.00. Dundee Tossa Four spot Rs475.00. A bale of 400 lbs.

★

LONDON PALMOIL TERMINAL—In a featureless market with no trading reported in the physical Rotterdam sector, the tone remained quietly steady, reports Faure Fairclough. Closing prices: Dec. £303-£300, Feb. £306-£300, April £306-£301, June £306-£302½, August £307-£302, Oct. £310-£302, Dec. £310-£300. Sales: 5 lots.

★

GRIMSBY FISH—Supply moderate, demand good. Prices at ships side per stone (unprocessed): Shelf cod £3.50-£4.00; Codlings £3.00-£3.60; Large haddock £3.50-£4.00; Medium haddock £2.80-£3.20; Small haddock £2.40-£2.50; Large plaice £4.80; Medium plaice £4.70-£4.98; Best small plaice £3.20-£4.00;

PRICE CHANGES

Prices per ton unless otherwise stated.

	Nov. 8 1976	+ or —	Month ago
Metals			
Aluminium	£579	......	£579
Free Market (cif)	$890-910	......	$870-890
Copper			
Cash Wire Bars	£806.75	+14.75	£737
3 months do. do.	£843.25	+17.0	£771.75

Philippines oil mill plan

MANILA, Nov. 8.

THE PRIVATE Iligan Coconut Industries Inc. (ICII) plans an export-oriented oil mill in the southern city of Iligan, the official Philippines news agency said to-day.

It did not say when the oil mill will be built but said it had been registered with the Securities and Exchange Commission and the Board of Investment.

Quoting ICII officials, the agency said the proposed plant will use a combination of chemical processes for extracting coconut oil from copra. It is projected to have an annual production at full capacity of 58,500 tonnes of coconut oil and 27,900 tonnes of copra pellets.

Reuter

U.S. Markets

Coffee and metals up: grains slip

NEW YORK, Nov. 8.

PRECIOUS METALS closed lower on Commission House selling, following a lower grain market. Grains finished at the lows of the day and Commission House stops were touched off. Coffee closed higher with the trade the main buyers. Cocoa rallied at the close on short-covering and Commission House buying. Sugar closed lower on trade selling, Bache reports.

STOCK EXCHANGE REPORT

Sharp losses on revised public expenditure figures

Index down 17.7 at 291.0—Falls to 1⅝ in Gilts

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct. 18	Oct. 28	Oct. 29	Nov. 9
Nov. 1	Nov. 11	Nov. 12	Nov. 23
Nov. 15	Nov. 25	Nov. 26	Dec. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The report in last Saturday's Financial Times of the upward revision by the Treasury in the public sector borrowing requirement prompted a sharp reaction in stock markets yesterday. After last week's strong recovery movement, British Funds closed above the worst but with widespread losses extending to 1⅝, while falls in the equity leaders ranged to 12 and sometimes more. The Government Securities index fell 0.67 to 57.19 and the FT 30-share index, down 17.7 at 291.0, recorded its biggest loss since March 17, 1975. The latter index had risen 43.4 in the previous seven trading days.

The equity leaders were marked down by around 3 at the start of business, but this failed to deter sellers and losses were quickly extended further. A modest rally which developed around noon proved abortive and with sentiment further unsettled by the rise in the Wholesale Price Indices and an early reaction on Wall Street, the final tone was still very tender. A fair amount of stock came on offer, particularly in the morning session. Nevertheless, falls were disproportionate to the amount of business transacted.

Gilts show anxieties

Although dull, secondary issues held up reasonably well in comparison to the leaders, losses being only scattered and mostly of a modest nature. Falls led rises by about nine-to-two in FT-quoted Industrials, while the FT-Actuaries All-Share index lost 3.5 per cent. to 126.28. Official markings of 5,813 compared with 6,261 last Friday and 4,651 a week ago.

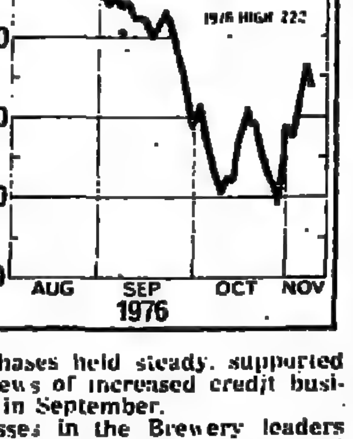
The reported probability of an upward revision of £2bn. in next year's forecast public sector borrowing requirement and its implied threat of even greater Government funding vibrated throughout the market in British Funds. Defensive action taken at the opening was not completely successful and dealers had to absorb stock without finding buyers at lower price levels. Consequently, initial losses of ¾ eventually became falls ranging to two points before a slight rally showed signs of holding towards the close, leaving high-coupon longs down about 1⅝ on balance. However, fresh easiness enveloped after-hours' trading which extended losses in these stocks to over two points. Exchequer 13½ per cent., 1996, for example, were then 83, against 83¾ at the close of business and 85¼ on Friday evening. Similarly, closing falls of 1⅞ among the shorts were increased to 1½ during inter-office trading.

Fluctuating with the movements in sterling, the investment currency premium traded quietly between 123½ and 121 per cent. before closing unaltered on the day at 121⅞ per cent. Yesterday's SE conversion factor was 0.7204 (0.7179).

Banks flat

Ahead of publication to-morrow of the bank lending figures for the month to mid-October, the leading clearers generally gave up last Friday's gains which were helped by the deferment of the second call of special deposits. Most of the business took place in the morning, but prices closed at, or near, the day's lowest with losses extending to 13. Barclays were that much down at 215p. Merchant Banks and Discounts showed falls ranging to 10p, while overseas issues had Standard Chartered 12 off at 306p.

Insurances were relatively quiet and closed with falls usually limited to 5 or 6 pence, but in the Composites Royals, 234p, and Sun Alliance, 315p, fell 14 and 13 respectively. Life issues had Hambros 10 lower at 168p after last Friday's jump of 23 following the half year figures. Hire



Purchases held steady, supported by news of increased credit business in September.

Losses in the Brewery leaders ranged to 4, with Bass, 71p, and Guinness, 99p, both losing that amount. Distillers were on offer at 99p, down 5½p, while Glenlivet eased a similar amount at 190p. News of the proposed stock financing arrangements, however, left Luis Gordon a shade dearer at 19p.

Buildings closed with a lengthy list of fairly substantial losses. A.P. Cement retreated 10 to 128p, while Taylor Woodrow, 194p, and R. Costain, 112p, lost 6 and 8 respectively. London Brick eased 3 to 29p, while similar declines were seen in Marley, 36p, RMC, 65p, and Marchwiel, 85p. Against the trend Hoveringham Restricted Voting responded to the sharply improved first-half profits with a rise of 2 to 18p. Pochins were also 2 better at 30p, following preliminary figures.

ICI closed 10 off at the day's worst of 283p. Fisons reacted similarly to 230p, while Albright and Wilson, 66p, and Laokro, 53p, lost 3 and 4 respectively.

James Scott featured otherwise drab Electricals following the bid from William Press (fractionally easier at 23½p): the Ordinary jumped 18 to a 1976 peak of 34p, while the first 6½ per cent. Cumulative Preference stock was raised 16 to 51p and the second 6½ per cent. Cumulative Preference stock put on 20 to 61p. Elsewhere, shares ran into some sizeable selling and closed at the day's lowest. EMI reacted 10 to 190p, while BICC, 80p, and GEC, 125p, lost 6 and 7 respectively. Falls of around 5 were seen in Plessey, 38p, and Reyrolle Parsons, 97p, while fears about the possible implications of a forthcoming budget left Thorn Electrical 8 cheaper at 152p. Of the few firm spots, Ward and Goldstone edged up 3 to 71p and Muirhead moved up 4 more to 84p. Newman Industries were called 2 better at 31p ex the scrip issue.

Fears about the prospects of the retailing industry brought pressure to bear on Stores which ran into some sizeable selling and closed at the day's lowest. Gussies "A" declined 11 to 135p, while British Home Stores finished 9 easier at 114p and Marks and Spencer came back 7 to 77p. UDS reacted 4 to 41p as did Debenhams, to 50p. W. H. Smith "A," with interim figures on Thursday, shed 10 to 262p. Mail Orders held up fairly well. Empire Stores and Freemans (London) both finishing 2 cheaper at 56p and 104p respectively. Shoes provided a couple of firm spots, Footwear Investments, 38p, and Pittard, 42p, both closing 2 harder.

The leaders bore the brunt of the downslide in Engineerings and Hawker dropped 16 to 380p, while GKN fell 12 to 228p and Tube Investments 8 to 270p. Of the medium-priced majors, Vickers, 114p, and John Brown, 85p, were both 6 easier. Secondary stocks also had notable losers in APV and Weyburn, both down 10 at 215p and 305p respectively. Ahead of to-day's preliminary figures, Martonair came back 6 more to 80p, while similar losses were sustained by Blackwood Hodge, 68p, and Peter Brotherhood, 48p. The good first-half results made no difference to Capper-Neill, down 4 at 45p, and adverse Press mention took 3 off 600 Group, at 40p. On a brighter note, Central Wagon opened higher at 16p on the Booker McConnell agreed offer before closing a net 2½ up at 15½p, while William Boulton hardened to 14½p following the chairman's confident view of prospects. Newman Granger were raised 4 to 27p, after 29p, awaiting to-day's annual results.

Foods joined in the general decline with Rowntree Mackintosh losing 9 to 162p and Tate and Lyle declining 12 to 216p. J. Lyons reflected adverse Press comment with a reaction of 3 to 34p. Spillers eased 2½ to 23½, while Cadbury Schweppes and Brooke Bond both finished 2 off at the common level of 32½p. Associated British Foods closed marginally easier at 44p following interim figures which failed to come up to market expectations. Hotels and Caterers also lost ground. Grand Metropolitan closing 3 off at 47p, Ladbroke losing 5 to 76½p and Trust Houses Forte easing 2 to 83½p. Against the trend, Epicure edged up 2 to 19p and Wheelers Restaurants improved 5 to 90p.

Glaxo down

The Miscellaneous Industrial leaders naturally came under pressure and all closed virtually at the day's lowest. Falls generally ranged to 12, but Glaxo, 338p, and Reckitt and Colman, 295p, fell 15 apiece, while Unilever lost 16 at 378p. Others prominent in the setback included Beecham, 305p, and Reed International, 168p, both down 12, Pilkington, 10 off at 235p, and Bowater, 11 down at 148p. Ahead of Thursday's interim, Boots came back 8 to 88p, while Metal Box, interim due next Monday, also gave up 7, to 213p. Hoover "A" steadied 2 to 162p after last week's fall on the disappointing third-quarter results. De La Rue held relatively steady at 210p, down 2, awaiting to-day's interim statement. Following the results, M.Y. Darts lost 4 at 34p and Priest Marians were lowered 5 to a basis of 37½p on the trading loss. With the year's profits nearly doubled, as forecast, Garlons eased 1 to 61p, while Inter-Cities Investments were the same amount off at 5p on the reduced dividend and profits. Scattered firm spots included Ofrex, 4 up at 62p, and Development Securities, which touched 390p before adding to recent firmness with a net gain of 13 at 410p.

After having fallen to 187p in front of the preliminary statement, Lucas Industries rallied briefly to 189p on the better-than-expected profits before closing 8 cheaper on balance at 167p. British Leyland eased 3 to 22p despite news of the planned price increases, while Dunlop lost 5 at 69p. Awaiting fresh developments in the bid situation, Crane Fruehauf also shed 2 to 28p. Henlys provided the main casualty in Garages, losing 4 to 73p as speculators took their profits in the absence of any bid developments.

Newspapers with North Sea oil interests suffered a setback and Thomson, 322p, and Daily Mail "A," 170p, both reacted 10, while Associated Newspapers slipped 7 to 99p. Speculative enthusiasm also waned for Morgan-Grampian, which came back 8 to 96p and the Paper/Printing leaders were easier too. DRG closed 4 off at 82p and Bunzl Pulp 3 lower at 83p.

Oil leaders hit

Leading Oils took a sharp knock. Reports of the Royal Dutch/Shell nuclear costs problem apparently caused recent buyers to shy away and on a relatively moderate volume of selling Shell fell 23 to 379p; the third-quarter results are due on Thursday. Meanwhile, British Petroleum were unsettled by Wall Street influences and in similar thin trading conditions fell 24 to 652p. Ultramar followed the majors, closing 5 down at 107p, while Oil Exploration surrendered their recent firmness to end 8 cheaper at 85p. Among overseas issues, Woodside-Burmah lost 7 to 115p on domestic market trends.

Returning fears about interest rates and their repercussions brought widespread easiness in properties. Increased selling both in the morning and late afternoon reflected these anxieties, which continued in the after-hours business, leaving Land Securities 10 lower at 107p, MEPC 6 down at 31p and English 3 cheaper at 27½p. Double-figure losses were also sustained by Glanfield Securities, 80p, United Real, 150p, and Warnford Investments, 135p, all down 10. Great Portland reacted 8 to 106 and Haslemere Estates lost 7 to 127p, after 125p. C. H. Beazer gave up 3 to 30p, still on the halved dividend and profits, while Berkeley Hambro eased 2 to 64p in front of to-day's interim results. Week-end Press mention drew attention to Peachey which rose 2½ to 40p in a fair business.

After Friday's late speculative rise of 12 following news that two ex-Slater Walker directors had increased their shareholding, Lampa Securities eased 5 to 120p to match the Royco offer. S. Pearson were 4 off at 100p, while Thomas Jourdan, 19p, and Smith Bros., 36p, shed 2 apiece. London Merchant eased 1½ to 24½p, but Western Selection edged up to 2 to 21p and Kakuzi improved 5 to 50p.

Shippings closed widely lower following a reasonable business. Furness Withy fell 8 to 152p, while P & O Deferred, 100p, and Reardon Smith, 160p, lost 5 apiece.

Apart from Courtaulds, which closed 6 down at the day's lowest of 74p, sporadic losses in Textiles were limited to a few pence. Nottingham Manufacturing gave up 3 to 46p, while Coats Patons eased 2½ to 44½p ahead of the interim results, due on Thursday.

Interest lessened in BATs Industries Deferred, but the price drifted off on scattered offerings to close 13 lower at 200p; the Ordinary gave up 16 to 245p. Elsewhere in Tobaccos, Imps ended 3½p off at 53½p, after a fairly lively trade.

Among Rubbers, Guthrie gave up 5 to 145p in common with the other leaders. Elsewhere Golden Hope were noteworthy for a rise of 3 at 76p following the announcement that Kien Huat Realty Sendirian Berhad Has has acquired a 16.6 per cent. interest in the company.

Golds at 4 mth. high

Continuing fears that the election of Mr. Carter might lead to higher inflation in the U.S. and therefore bring pressure on the dollar enabled the bullion price to break through the $130 an ounce barrier and close $2.125 higher at $131.625 per ounce, its highest closing level since June 25. Also fuelling the rise was favourable week-end Press comment.

South African Golds consequently improved in line with the metal price with the Gold Mines index rising 6.7 to 129.4, its best level since ... Fairly active trading, with buying from all quarters enabled the heavy-priced issues to register gains up to £2¼ as in Western Holdings, £18¼, while others around a point included ..., £11¼, Hartebeest, £1..., ...fontein, £22¼.

Among the lower-priced issues Harmony, which ... from favourable Press ... advanced 35 to 275p.

Enthusiasm in ... over to the ... Financials. "Amgold" ... standing with a £1¼ ... while GFSA and "J..." both ¼ higher at £... respectively.

On the other hand U.K. Industrials ... forced selling of ... based issues. Cha... both fell around 6 ... Trust were 25 off ... Fields, however, w... exception, being a ... at 144p owing to the ... bullion price.

Coppers and Pl... generally a few pence ... Tins suffered fr... interest. Australians ... considerable weakness ... night home markets ... anti-inflation packa...

Uraniums were weak with Pan... lower at 850p and ... 15 down at 390p. C... substantially easier being 20 cheaper a...

FINANCIAL TIMES STOCK INDICES

	Nov. 8	Nov. 5	Nov. 4	Nov. 3	Nov. 2	Nov. 1
Government Secs.	57.19	57.86	57.40	56.93	56.69	[illegible]
Fixed Interest	57.80	57.56	56.85	56.32	56.16	[illegible]
Industrial Ordinary	291.0	308.7	301.1	290.5	285.8	[illegible]
Gold Mines	129.4	120.1	116.5	121.5	121.3	[illegible]
Ord. Div. Yield	7.50	7.16	7.51	7.55	7.79	[illegible]
Earnings Y'ld % (full)	25.16	22.03	22.57	24.42	24.06	[illegible]
P/E Ratio (net)	5.35	5.67	6.51	6.28	6.45	[illegible]
Dealings marked	5,815	6,261	4,620	4,588	5,802	[illegible]
Equity turnover £m.	—	52.24	52.21	44.10	40.35	[illegible]
Equity bargains total	14,257	12,444	9,733	11,951	[illegible]	[illegible]

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.61	56.69	127.4	49.18
Fixed Int.	64.45	55.57	150.4	50.53
Ind. Ord.	420.6	266.3	549.6	49.4
Gold Mines	446.9	78.2	442.3	43.5

S.E. ACTIVITY

Daily — Gilt-Edged	25
Industrials	17
Speculative	3
Totals	18
5-day Av'rge — Gilt-Edged	21
Industrials	15
Speculative	3
Totals	11

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon. Nov. 8, 1976 Index No.	Day's Change %	Est. Earnings Yield % (Max. Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Fri. Nov. 5 Index No.	Thurs. Nov. 4 Index No.	Wed. Nov. 3 Index No.	Tues. Nov. 2 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (178)	110.98	-3.1	24.15	8.41	6.13	6.15	114.50	111.99	108.05	106.81	158.38	160.06	100.65	206.57	50.71
2 Building Materials (30)	93.88	-3.6	24.30	10.26	6.20	6.19	97.40	94.90	91.72	90.89	132.91	150.18	85.55	233.84	44.27
3 Contracting, Construction (22)	137.54	-3.4	32.55	7.93	4.74	4.74	142.41	139.57	135.12	136.40	253.67	260.20	122.08	589.33	71.48
4 Electricals (16)	208.94	-4.7	21.26	6.36	6.81	7.00	219.16	213.81	205.95	201.91	245.31	287.50	190.54	550.04	84.71
5 Engineering (Heavy) (13)	139.34	3.3	33.05	8.93	4.43	4.37	144.05	140.58	134.31	133.08	158.91	193.18	123.56	202.57	64.39
6 Engineering (General) (64)	105.77	-2.2	24.20	8.71	6.08	6.08	108.19	106.08	102.09	100.65	119.00	149.29	95.20	168.59	45.43
7 Machine and Other Tools (9)	49.02	-1.5	19.73	9.06	7.59	7.58	49.67	49.08	48.23	48.59	46.08	60.62	45.29	136.70	19.96
8 Miscellaneous (24)	98.72	0.4	21.31	9.11	6.92	6.84	99.10	97.51	94.99	94.57	117.63	141.94	90.23	177.41	49.65
9 CONSUMER GOODS (DURABLE) (53)	94.22	-2.4	25.14	7.50	5.99	5.98	96.56	93.68	89.95	89.04	115.33	141.46	85.12	227.78	48.59
10 Lt. Electronics, Radio TV (15)	99.35	3.1	24.42	5.90	6.08	6.08	102.49	98.56	94.50	93.65	131.94	160.35	87.51	257.41	42.85
11 Household Goods (13)	107.15	0.6	27.49	11.18	5.55	5.52	107.82	108.16	106.86	106.38	165.63	187.22	104.30	263.22	63.92
12 Motors and Distributors (25)	65.36	2.1	28.41	8.51	5.99	5.99	66.75	64.90	61.91	61.09	65.19	85.16	56.10	170.59	19.91
13 CONSUMER GOODS (NON-DURABLE) (170)	112.99	-3.6	19.93	8.60	7.59	7.51	117.25	115.35	110.68	110.05	150.80	162.24	104.41	226.08	61.41
14 Breweries (15)	119.37	-2.6	20.38	9.68	7.55	7.36	122.59	121.09	116.01	116.12	170.58	179.45	111.17	281.87	69.47
15 Wines and Spirits (7)	129.71	-3.1	18.19	8.45	8.44	8.44	133.91	134.19	129.53	128.53	154.05	190.67	124.71	257.40	78.88
16 Entertainment, Catering (14)	139.68	-3.2	19.25	9.61	8.03	7.95	144.37	141.69	134.93	133.99	179.57	211.26	127.11	329.99	54.83
17 Food Manufacturing (23)	130.24	-3.5	21.69	7.07	7.00	6.95	135.01	133.66	128.57	127.71	163.68	179.44	120.54	211.66	59.67
18 Food Retailing (16)	106.42	-2.2	17.52	7.37	8.35	8.35	108.85	105.80	102.05	100.64	155.88	150.05	92.79	235.06	54.25
19 Newspapers, Publishing (16)	173.50	2.2	14.43	6.13	10.49	10.49	177.47	174.03	171.09	171.99	157.98	184.46	148.46	260.29	55.08
20 Packaging and Paper (12)	80.24	-2.7	19.15	9.83	8.02	8.02	82.50	79.12	76.02	75.01	100.48	112.50	72.34	136.69	43.46
21 Stores (34)	85.99	-5.1	17.87	8.28	8.62	8.60	90.65	88.09	84.55	83.92	130.11	156.24	78.47	204.39	52.63
22 Textiles (24)	102.28	-3.5	18.45	11.40	8.21	7.31	105.96	104.44	101.10	100.54	160.65	185.24	96.76	285.72	62.66
23 Tobaccos (3)	180.92	-3.8	24.22	9.54	6.14	6.14	187.98	187.49	177.54	177.05	207.23	241.98	167.36	339.16	94.34
24 Toys and Games (6)	66.83	-1.8	24.77	9.49	5.41	5.38	68.06	66.25	64.30	64.19	62.95	80.95	59.13	135.72	20.92
OTHER GROUPS (95)															
25 Chemicals (26)	171.44	-2.5	18.42	6.72	7.40	7.40	175.91	172.99	164.95	163.82	185.83	231.38	155.10	231.38	71.20
26 Office Equipment (9)	63.92	-3.4	18.90	8.26	7.75	7.75	66.19	65.59	62.93	62.73	90.87	100.18	58.33	146.06	45.34
27 Shipping (12)	331.29	-3.1	15.34	7.96	9.30	8.43	341.76	338.34	326.18	323.60	389.66	432.64	308.48	517.00	90.80
28 Miscellaneous (48)	117.90	-4.2	19.72	9.97	7.62	7.61	123.06	120.35	115.63	116.42	155.12	172.98	108.14	258.83	60.39
29 INDUSTRIAL GROUP (496)	117.29	-3.3	20.82	8.27	7.09	7.06	121.29	118.97	114.28	113.45	148.42	168.38	107.32	230.17	59.01
30 OILS (4)	352.01	-4.5	12.10	4.98	9.58	8.81	368.70	362.61	356.33	361.65	333.53	395.84	318.67	431.66	87.23
31 500 SHARE INDEX	136.02	-3.5	19.15	7.64	7.47	7.54	141.00	138.38	133.52	133.14	163.81	185.00	125.80	227.95	63.49
32 FINANCIAL GROUP (100)	97.19	3.8	—	8.08	—	—	101.04	97.11	94.43	92.50	138.38	153.46	87.19	241.41	55.88
33 Banks (6)	125.87	-4.9	26.84	7.30	5.73	5.73	132.31	127.06	123.95	121.60	168.48	192.16	111.33	298.32	62.44
34 Discount Houses (10)	117.76	-3.7	—	11.83	—	—	122.30	117.62	110.23	104.12	158.91	186.52	97.72	293.13	81.40
35 Hire Purchase (5)	60.71	-0.7	11.92	10.80	18.68	18.68	60.27	57.47	54.90	54.04	98.97	132.10	53.25	433.74	38.83
36 Insurance (Life) (10)	79.55	-3.9	—	9.51	—	—	82.77	79.72	77.52	76.81	125.25	129.46	73.11	194.46	44.88
37 Insurance (Composite) (7)	75.58	-3.7	—	9.78	—	—	78.49	75.26	74.31	72.41	113.49	119.75	68.99	155.76	43.96
38 Insurance Brokers (9)	203.47	2.6	14.44	6.85	10.35	10.36	208.82	202.81	195.01	189.45	227.54	276.90	178.27	276.90	65.86
39 Merchant Banks (15)	50.98	-3.1	—	8.17	—	—	52.62	48.83	47.20	46.74	87.22	93.83	45.15	278.57	31.21
40 Property (32)	110.17	3.1	5.34	4.98	32.66	30.81	113.67	110.11	104.81	102.77	157.66	194.57	95.95	357.40	56.01
41 Miscellaneous (6)	60.47	-1.3	22.67	13.77	6.65	6.65	61.24	60.78	58.03	57.18	77.46	91.98	55.37	303.18	33.29
42 Investment Trust (50)	124.12	-2.2	4.26	6.19	24.26	24.26	126.88	122.45	119.65	118.84	170.25	184.55	115.09	245.79	71.63
43 ALL-SHARE INDEX (650)	126.28	-3.5	—	7.64	—	—	130.87	127.88	123.62	122.89	157.74	172.64	116.29	228.18	61.92
COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44 Rubbers (9)	488.54	-2.1	9.64	3.77	15.07	15.96	478.30	477.60	472.26	475.80	395.14	523.40	404.67	585.37	84.68
45 Teas (8)	125.65	-0.6	33.56	9.78	3.92	3.79	126.46	125.02	124.99	125.53	122.85	142.43	117.89	142.43	59.72
46 Coppers (3)	144.82	-1.0	44.74	7.73	2.24	2.24	143.41	145.15	147.97	147.97	283.45	301.47	143.41	567.78	94.08
47 Mining Finance (11)	83.25	-0.1	11.22	5.80	9.79	9.71	83.31	81.54	84.36	82.54	112.08	119.77	77.55	175.90	68.31
48 Tins (5)	117.21	-0.2	12.07	9.48	12.75	12.56	117.01	118.66	118.96	120.14	93.63	126.36	86.09	126.36	54.83
49 Overseas Traders (13)	192.76	1.4	17.72	7.10	7.65	7.63	195.40	191.63	186.08	186.73	218.35	254.47	178.31	254.47	97.37

FIXED INTEREST	Monday, Nov. 8 Index No.	Monday, Nov. 8 Yield %	Friday Nov. 5	Thurs. Nov. 4	Wed. Nov. 3	Tues. Nov. 2	Monday Nov. 1	Friday Oct. 29	Thurs. Oct. 28	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1 Consols 2½% yield	—	15.37	15.12	15.54	15.58	15.57	15.56	15.67	15.78	14.81	—	—	—	—
2 20-yr. Govt. Stocks (6)	43.42	14.88	44.21	43.89	43.14	43.00	43.02	42.76	42.58	46.77	53.45	42.51	115.42	38.27
3 20-yr. Red. Deb. & Loans (15)	44.07	16.64	44.07	43.55	43.19	43.09	43.09	43.33	43.27	45.74	52.40	43.09	113.43	37.01
4 Investment Trust Prefs. (15)	43.56	15.96	43.56	41.49	41.23	41.32	41.19	41.71	41.71	47.28	51.23	40.54	114.41	34.45
5 Coml. and Indl. Prefs. (20)	57.87	15.61	58.38	57.15	55.99	56.14	55.74	55.64	55.16	64.17	71.97	54.89	114.96	47.67

Section or Group | Base Date | Base Value — Overseas Traders 31/12/74 100.00; Food Retailing 29/12/67 114.13 ... [illegible]

Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p. A record of the indices, cost £30, is obtainable from FT Business Enterprises Ltd. ... [illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
Shell Transport	25p	20	379	−23	462	352
ICI	£1	19	283	−10	402	256
BATs Defd.	25p	15	200	−13	225	183
BP	£1	15	652	−24	690	557
Boots	25p	12	86	−8	148	79
Glaxo	50p	11	338	−15	422	280
Distillers	50p	9	99	−5½	158	95½
Rank Org.	25p	9	112	−8	195	98
Tst. Houses Forte	25p	9	83½	−2	125½	72
GUS 'A'	25p	8	135	−11	234	123
GKN	£1	8	228	−12	360	203
Marks & Spencer	25p	8	77	−7	108	70
Natl. Westminster	£1	8	195	−12	272	168
Assoc. Dairies	25p	7	139	−3	172½	115½
Assoc. P. Cement	£1	7	128	−10	202	112

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e)

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 9	Nov. 22	Feb. 10	Feb. 22
Nov. 23	Dec. 6	Feb. 24	Mar. 8
Dec. 7	Dec. 20	Mar. 10	Mar. 22

Calls were dealt in J. Lyons, GEC, Electrical and Industrial Securities, British Land, Tricentrol, Charterhall Finance, Capper-Neill and Lonrho, while doubles were arranged in BP and British Land.

Industrials		E.M.I.	17	Midland Bank	22	Cap. Counties	5
		Fitch Lovell	6	Nat'l West Bank	20	E.P.	5
A. Brew	5½	Gen. Accident	12	"Do" Warrants	7½	Int. Europe	7
A. P. Cement	15	Gen. Electric	15	P & O Dfd.	11	Land Securities	14
Assoc. Leisure	5	Glaxo	35	Plessey	7	MEPC	7
BSR	9	Grand Met	7	R.H.M.	5	Peachey	6
Babcock	8	G.U.S. "A"	16	Rank Org. "A"	18	Samuel Props.	4½
Barclays Bank	22	Guardian	18	Reed Int'l.	23	Town & City	2½
Berry Wiggins	5	G.K.N.	25	Beyrolle	11		
Beecham	28	Hawker Sidd.	35	Rothmans	4	Oils	
Boots Drug	12	House of Fraser	8	Slater Walker	4	Brit. Petroleum	40
Bowaters	16	I.C.I.	20	Spillers	4	Burmah Oil	4½
B.A.T.	21	"Imps"	7	Tesco	4	Shell	27
British Leyland	5	I.C.L.	14	Thorn "A"	22	Ultramar	14
BOC Int.	5½	Inveresk	7	Trust Houses	9		
Brown (J.)	9	Legal & General	12	Tube Invest.	7	Mines	
Burton "A"	6½	Ladbroke	11	Unilever	38	Charter Cons.	15
Cadburys	5	Lex Service	3½	Utd. Drapery	8	Chart'hall Fin.	4
Cavenham	10	Lloyds Bank	22	Vickers	15	Cons Gold	15
Courtaulds	11	"Lofs"	4	Williams Hud'n	4	Hampton Areas	12
Debenhams	6	London Brick	4½	Woolworths	6	Lourino	19
Distillers	13	Lucas Inds.	20			Rio T. Zinc	18
Dunlop	7½	"Mams"	7	Property		Western M'ng.	7
Eagle Star	11	Marks & Sp'ncer	8	Brit. Land	5½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (2)

AMERICANS (1)
Rep. N.Y. Corp.
ELECTRICALS (1)
Scott (James)

NEW LOWS (15)

BRITISH FUNDS (1)
Treas. 5½pc '87-90
CHEMICALS (2)
Coates Bros. — Coates Bros. 'A' N-V
STORES (1)
Cornell Dresses
ENGINEERING (2)
Martonair — 600 Group
INDUSTRIALS (5)
Inter-City — Reed Exec.
Kleeman — Richards Sheffield
Ozalid — Unifiex
PAPER (1)
McCorquodale
PROPERTY (2)
Beazer (C.H.) — Glanfield Secs.
SHIPBUILDERS (1)
Swan Hunter
TRUSTS (1)
General Scottish
OILS (1)
Texaco 4pc Conv.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

BASE LENDING RATES

Allied Irish Banks
American Express
Anglo-Portuguese
Henry Ansbacher
Banco de Bilbao
Bank of Cyprus
Bank of N.S.W.
Banque du Rhone
Barclays Bank
Barnett Christie
Bremar Holdings
Brit. Bank of Mid. East
Brown Shipley
Canada Permanent
Capitol C & C Fin.
Cayzer Ltd.
Cedar Holdings
Charterhouse Japhet
C. E. Coates
Consolidated Credits
Co-operative Bank
Corinthian Secs.
Credit Lyonnais
G. R. Dawes
Duncan Lawrie
Eagil Trust
English Transcont.
First London Secs.
First Nat. Fin. Corp.
First Nat. Secs.
Antony Gibbs
Goode Durrant
Greyhound Guaranty
Grindlays Bank
Guinness Mahon
Hambros Bank
Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Hongkong & Shanghai
Industrial Bank of Scot.
Keyser Ullmann
Knowsley & Co.
Lloyds Bank
London & European
London Mercantile
Midland Bank
Samuel Montagu
Morgan Grenfell
National Westminster
Northern Commercial
Norwich General Trust
P. S. Refson & Co.
Rossminster
Royal Bk. Canada
Schlesinger Limited
E. S. Schwab
Security Trust
Shenley Trust
Standard Chartered
Trade Development
Twentieth Century
United Bank of Kuwait
Whiteaway Laidlaw
Williams & Glyn's
Yorkshire Bank

MONEY MARKET

Interest rates firmer

Bank of England Minimum Lending Rate 15 per cent. (since October 7, 1976)

Short-term fixed period interest rates tended to rise in the London money market yesterday, reflecting apprehension about the possibility of a larger than expected public sector borrowing requirement for the next financial year. The market remained calm however and the discount houses buying rate for three-month Treasury bills of around 14⅝ per cent. continues to indicate a possible reduction in Bank of England Minimum Lending Rate at the end of the week.

Day-to-day credit was in very short supply and the authorities gave extremely large assistance by lending a very large amount overnight, at Minimum Lending Rate, to seven or eight houses, and by buying a small number of Treasury bills from the houses.

Banks carried forward run-down balances from Friday, settlement was made of gilt-edged sales, there was a rise in the note circulation, and a net take-up of Treasury bills was also against the market.

Discount houses paid 14½-15 per cent. for secured call loans in the early part, and although some balances were found at around 14 per cent., closing rates were generally in the region of 14½-14¾ per cent.

In the inter-bank market overnight loans opened at 15-15½ per cent. and eased to 14½-15 per cent. before rising to 16-17 per cent. in the afternoon, and closing at 14-14½ per cent.

Rates in the table below are nominal in some cases.

Nov. 8 1976	Sterling Certificates of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposit	Company deposits	Discount market deposits
Overnight	—	14-17	—	—	—	15	14-15
2 days notice	—	—	14⅞-15	—	—	—	—
7 days or 7 days notice	—	14¾-15⅛	15	—	15¼-15¾	—	14¾-14⅞
One month	15-14⅞	14⅞-15⅛	14⅞-15	15⅛-15	15¼-15⅝	—	14¾-14⅞
Two months	14⅝-14¾	14¾-14⅞	—	15¼-14¾	15¼-15½	—	14¾-14⅞
Three months	14⅝-14½	14⅝-14¾	14⅝	15¼-14¾	15-15½	—	14⅝-14⅞
Six months	14½-14	14-14⅛	14¼-14½	15¼-13⅞	14¼-14⅝	—	—
Nine months	14-13¾	13¾-13⅞	—	14¾-13⅞	14¼-14⅝	—	—
One year	13⅞-13⅝	13⅝-13¾	14¼-14½	14¾-13⅞	14¼-14⅝	—	—
Two years	—	—	14⅝-14½	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years ... per cent.; four years ... per cent.; five years ... per cent. ... [illegible]

AUTHORISED UNIT TRUSTS

Bridge Fund Managers

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Charterhouse Japhet

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd.

Cosmopolitan Fund Managers.

Crescent Unit Tst. Mgrs. Ltd.

Discretionary Unit Fund Managers

Equitas Secs. Ltd.

Equity & Law Un. Tr. M.

Framlington Unit Mgt. Ltd.

Friends' Provdt. Unit Tr. Mgrs.

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hill Samuel Unit Tst. Mgrs.

Intel.

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Lawson Securities Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

London Wall Group

M & G Group

ManuLife Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mgemnt. Ltd.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

New Court Fund Managers Ltd.

Norwich Union Insurance Group (b)

Oceanic Managers

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Piccadilly Unit T. Mgrs. Ltd.

Practical Invest. Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Unit Tst. Mngrs.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Managers Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd.

Security Selection

Stewart Unit Tst. Managers Ltd.

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.

Target Tst. Mgrs. (Scotland)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Trident Trusts

Tyndall Managers Ltd.

Tyndall Nat. and Commercial

TSB Unit Trusts

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

REGIONAL MARKETS

The following is a selection of the share prices previously shown under regional headings in London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

65	Peel Mills	11		Ins. Corp.	148½
22	RobbCaledonSh.	50		Irish Distillers.	41
8	Sayers 12½p	15		Irish Ropes	83
53	Sheffield Brick	73		Jacob	
15	Sheff. Refrshmt.	130		Sunbeam	9½
300	Shiloh Spinn.	21		T.M.G.	68
6	Sindall (Wm.)	49		Unidare	42

INSURANCE, PROPERTY, BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Japhet Life Ass. Co. Ltd.

The City of Westminster Assur. Soc.

The City of Westminster Ass. Co. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crescent Life Ass. Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Ass.

General Portfolio Life Ins. C. Ltd.

Grosvenor Life Ass. Co. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

The Individual Life Ins. Co. Ltd.

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Assurance Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

M & G Group

Magna Assurance Company Ltd.

Merchant Investors Assurance

NEL Pensions Ltd.

New Court Property Fund Mngrs. Ltd.

NPI Pensions Management Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Slater Walker Insurance Co. Ltd.

Sun Alliance Fund Mangmt. Ltd.

Sun Life of Canada (U.K.) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Group

Vanbrugh Life Assurance

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Banque Bruxelles Lambert

Bk. of London & S. America Ltd.

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I. O. Man) Ltd.

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Cornhill Ins. (Guernsey) Ltd.

Delta Group

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

F.I.R.S.T. Managers Ltd.

First Viking Commodity Trust

Fleming (Robert) Investment Management Ltd.

Free World Fund Ltd.

G.T. Management Ltd. Ldn. Agts.

G.T. Management (Asia) Ltd.

G.T. Management (Jersey) Ltd.

Hambro Pacific Fund Mgmnt. Ltd.

Hambros (Guernsey) Limited

Hapat Management Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Overseas Fund S.A.

International Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Kemp-Gee Management Jersey Ltd.

Keyselex Mngt. Jersey Ltd.

King & Shaxson Mgrs. (Jersey) Ltd.

Kleinwort Benson Limited

Lamont Investment Mngt. Ltd.

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds International Mgmt. S.A.

M & G Group

Samuel Montagu Ldn. Agts.

Murray, Johnstone (Inv. Adviser)

Negit S.A.

Negit Ltd.

Neptune Intnl. Fnd. Mgrs.

Old Court Fund Mngrs. Ltd.

Old Court Commodity Fd. Mgrs. Ltd.

Property Growth Overseas Ltd.

Royal Trust (CI) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger Fnd. Mgrs. (Jersey) Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Singer & Friedlander Ldn. Agents

Slater Walker Tst. Mgt. (Jersey) Ltd.

Surinvest Copper Trust Mngrs. Ltd.

Surinvest Trust Managers Limited

TSB Unit Trust Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

1 Charing Cross St. Helier, Jsy. CI 0534 73741

CMF Ltd. Oct. 28	[illegible]	9.81	...	—
CMT Ltd. Oct. 28	[illegible]	9.37	...	—
Metals Tst. Oct. 21	[illegible]	12.63	...	—
TMT Oct. 14	[illegible]	9.50	...	—
TMT Ltd. Oct. 14	£10.34	10.61	...	—

World Wide Growth Management

10a, Boulevard Royal, Luxembourg

WorldWideGth.Fd.	$US11.39	+0.03	-

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by ♦. § Guernsey yield. # Suspended. ‡ Single premium insurance bonds. ♦ Yield before Jersey tax.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	1976 Low	Stock	£	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
101½	99	Treasury 10½pc 1976	99	....	10.55	14.34
98	95	Treasury 6½pc 1977	97	−	6.41	13.87
97¾	94	Electric 3pc 74-77	97¾	−	3.09	11.64
103	97	Treasury 11½pc 77	98	−⅛	11.73	13.91
95	91⅞	Treasury 3pc 77	93 xd	−	3.21	9.88
95⅝	92¼	Transport 4pc 72-77	93½	−½	4.28	10.30
99	90½	Treasury 9pc 1978	95		9.44	12.82
101½	95	Treasury 10½pc 78	95	−	11.00	13.57
93¼	89	Exch. 5pc 76-78	90½	−	5.55	10.93
103	92	Treasury 11½pc 79	94	−	12.22	14.54
98¾	92	Treas. 11½pc 79 A	94	−	12.23	14.56
86⅞	82¼	Treasury 3pc 79	82	−	3.63	10.15
89	82¼	Electric 4½pc 74-79	85	−	5.12	11.29
100	88	Treasury 10½pc 79	90 xd	−	11.57	14.42
88	82¼	Electric 3½pc 76-79	82 xd	−	4.25	10.47
96	84½	Treasury 9pc 1980	85	−	10.51	14.62
96½	84	Treasury 9½pc 80	86 xd	−	11.02	14.70
86	78¼	Treasury 3½pc 77-80	79½	..	4.40	10.50
89½	80	Funding 5½pc 78-80	81		6.44	11.72
103	83½	Treasury 11½pc 1981	90	−	12.75	14.67
86	76	Treasury 3½pc 1979-81	76	−	4.55	10.32
95½	82	Treasury 9¾pc 1981	84	−1	11.61	14.82

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 38⅝% (based on $US1.6225 per £)

Conversion factor 0.7204 (0.7179)

CANADIANS

1976 High	1976 Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
14¼	10⅞	Bk. Montreal $2	13	......	$1.00	—	4.9
40½	29	Bk. Nova Scot. $2	38	+½	$1.72	—	2.9
46¼	33¼	Bell Canada 25c	43½	......	$3.72	—	5.5
23⅝	12	Bow Valley	17½	−⅛	10c	—	0.4
10	780p	Brascan	895p	+5	$1.00	—	7.2
29	19	Can Imp Bk. $2	22	......	$1.23	—	3.7
16⅞	10	Can Pacific $5	14½	+	84c	—	3.8
29	25¼	Do 4pc Deb. £100	26¼	......	4%	—	15.2
37	20¾	Gulf Oil Can.	21¾	+½	$1.00	—	2.9
670p	400p	Hawker Sid Can.	430p	−10	36c	—	5.4
35	22	Hollinger $5	28¼	−¼	$1.80	—	4.0
18	12⅞	Hudson's Bay	13¼	−⅛	60c	—	2.8
34⅜	26	Hud B. Oil G $2½	28¼	−¼	$1.60	—	3.6
22¼	16⅞	Imperial Oil	17⅞	+⅛	80c	—	2.9
31½	19½	Inco	27⅝	......	$1.40	—	3.3
920p	660p	Int. Nat. Gas $1	850p	......	80c	—	6.2
25½	16	Massey Ferg.	20¼	......	$1.00	—	3.2
27⅝	20¼	Pacific Pet. $1	23⅞	+⅝	80c	—	2.2
38½p	24p	Place Gas $1	30p	+3½	—	—	—
30⅞	22⅝	Rio Algom	24½	+¼	$1.00	—	2.6
27¼	20	Royal Bk. Can. $2	24	+	$1.38	—	3.7
28	17	Seagram Co. C$1	19	−	80c	—	2.6
18	13	Tor. Dom. Bk. $1	16	+	74c	—	2.8
11	850p	Trans. Can. Pipe	11	+¼	88c	—	0.0

S.E. List Premium 38⅝% (based on $1.5791 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

[حكذا من الأصل]

حكمة امنة الأحول

INDUSTRIALS—Continued

INSURANCE

PROPERTY—Continued

TRUSTS—Continued

TRUSTS—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
710	250	Blyvoor 25	365	−20	Q75c	1.6	14.9
£14	440	Buffels R1	675	−45	Q125c	1.6	13.4
*140	70	Deelkraal R0.20	96	−2	—	—	—
760	325	Doornfontein R1	390	−30	Q55c	2.2	13.7
965	330	East Drie R1	650	−45	Q75c	1.7	8.3
289	122	Elandsrand Gld. 20c	170	−10	—	—	
190	44	Elsburg R1	100	+10	‡Q33.6c	1.0	‡
£16½	520	Hartebeest R1	£10¾	+1	Q190c	1.3	12.8
695	260	Kloof Gold R1	390	+30	Q47c	1.5	8.7
760	140	Libanon R1	325	−15	Q80c	2.0	17.8
740	230	Southvaal 50c	375	−30	Q8c	1.3	1.5
245	92	Stilfontein 50c	145	+7	‡Q36c	2.2	‡
£20¾	700	Vaal Reefs 50c	£10	+½	‡Q175c	2.1	‡
420	48	Venterspost R1	180	−5	Q25c	3.6	10.0
£35	£11¼	W. Drie R1	£18¾	−2¼	Q335c	1.5	12.9
315	68	Western Areas R1	160	−20	‡Q52c	1.4	‡
£15¼	460	Western Deep R2	750	−140	‡Q147c	1.6	‡
290	100	Zandpan R1	165	−10	Q51½c	1.0	13.7

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
170	60	Free State Dev. 50c	90	−5	Q9c	0.6	7.2
£22½	715	F.S. Geduld 50c	£10⅝	−⅝	Q200c	ϕ	13.6
200	50	F.S. Saaiplaas R1	110	+5	6c	2.6	3.9
465	170	Harmony 50c	275	+35	‡Q65c	1.9	‡
195	38	Loraine R1	38	+3	Q6c	0.5	4.9
£18½	675	Pres. Brand 50c	912	+62	Q170c	ϕ	13.5
£13	395	Pres. Steyn 50c	620	+20	Q45c	ϕ	5.2
£23½	750	St. Helena R1	£11¼	+1¼	Q170c	ϕ	10.9
174	70	Unisel	130	+8	—	—	—
330	125	Welkom 50c	195	+15	Q15c	ϕ	5.6
£25½	950	W. Holdings 50c	£14¼	−½	Q310c	ϕ	15.7

FINANCE

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
535	315	Ang. Am. Coal 50c	410	+5	MQ38c	2.8	6.7
375	185	Ang. Amer. 10c	245	+7	Q33c	1.9	9.7
£28¾	£10½	Ang. Am. Gold R1	£15¼	+1½	‡Q260c	1.3	‡
£13¼	800	Ang-Vaal 50c	850		Q105c	3.3	9.2
199	101	Charter Cons	120	−6	6.76	2.4	8.7
220	113	Cons. Gold Fields	144	+1	7.37	2.1	7.9
23½	13	East Rand Con. 10p	14		1.0	2.2	11.0
330	150	Geduld Inv. R1	240xd		Q40c	1.5	12.1
£25	£12¾	Gen. Mining R2	£14		Q210c	2.1	10.9
£20⅝	10	Gold Fields S.A. 5c	£11¼	+¼	Q155c	1.2	10.0
£24	£11½	Jo'burg Cons. R2	£14¼	+¼	Q170c	2.2	8.6
380	195	Middle Wit 25c	210	+10	Q35c	1.2	12.1
250	160	Minorco SBD1.40	172	+5	Q2c	0.7	0.7
160	56	New Wit 50c	98	+8	Q18c	1.0	13.3
£14⅝	770	Patino NV Fls.5	£12⅝	−⅛	Q65c	0.8	3.3
810	310	Rand Selection 50c	425	+15	‡Q75c	1.5	‡
543	355	Selection Trust	335	−25	15.2	1.5	6.1
230	98	Sentrust 10c	135	+10	Q30c	1.4	16.1
65	29½	Silvermines 2½p	31xd	+1	3.0	1.6	14.9
£12½	700	T'vaal Cons. Ld. R1	925		Q75c	ϕ	6.0
310	110	U.C. Invest R1	155	+10	‡Q36c	1.0	‡
465	175	Union Corpn. 6.25c	245	+5	†Q36c	1.4	10.6
90	45	Vogels 2½c	70		†Q6½c	1.2	6.7

DIAMOND AND PLATINUM

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
£32½	£17½	Anglo-Am. Inv. 50c	£20¼	+½	†Q244c	1.6	8.7
122	68	Bishopsgate Plt. 10c	78	+1	Q8.0c	ϕ	7.4
335	187	De Beers Df. 5c	200	+5	Q28c	2.2	10.1
£14	850	Do. 40pc Pf. R5	900		Q200c	128.0	16.1
128	68	Lydenburg 12½c	76	+1	Q7.2c	ϕ	6.9
123	93	Rus. Plat. 10c	102	+4	gQ5c	—	3.5

CENTRAL AFRICAN

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
165	53	Coronation 25c	62		‡Q34c	2.1	‡
130	68	Falcon Rh. 50c	99		Q35c	ϕ	—
25	9	Rhod'n Corp. 16⅔p	12		0.56	6.0	7.2
195	120	Roan Cons. K4	125		—	—	—
178	140	Tanganyika 50p	156		Q10.0	0.8	6.6
70	65	Do. Pref. 80p	70		Q9	20.2	10.7
54	25	Wankie Col. Rh.1	40		Q7½c	ϕ	13.6
46	16	Zam. Cpr SBD0.24	16		—	—	—

AUSTRALIAN

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
33	18	Acmex 25c	22		—	—	—
323	132	A. M. and S. 50c	240	−7	ϕ†Q7c	1.5	2.3
165	96	Bougainville 50 Toea	122	−4	Q10c	ϕ	6.5
235	123	BH South 50c	125	−2	—	—	—
75	15	G.M. Kalgoorlie $1	20		—	—	—
106	58	Hampton Areas 5p	78		1.3	3.1	2.6
86	38	Metals Ex. 50c	40	−4	—	—	—
20	12	Metramar 20c	18		—	—	—
294	200	M.I.M. Hldgs. 50c	208	−4	Q4½c	1.8	1.7
105	25	Mount Lyell 25c	30		—	—	—
3	2	Newmetal 10c	2½		—	—	—
226	138	North B. Hill $1	202	−5	Q9c	1.3	3.5
9	5	Nth. Kalgurli	6		—	—	—
112	65	Oakbridge $A1	99	−3	Q9c	1.5	7.2
36	14	Pacific Copper 25c	22		—	—	—
£19½	725	Pancont'l 25c	850	−75	—	—	—
17	9	Paringa M&Ex. 5p	9		—	—	—
492	345	Peko-Wallsend 50c	390xc	−15	Q15c	ϕ	3.0
300	60	Poseidon 50c	75#		—	—	—
13	6	Vultan Min. 50c	6	−3	—	—	—
9	4	Westmex 10c	5		—	—	—
*199	127	Westn. Mining 50c	160	−4	Q5c	1.3	2.4
75	36	Whim Creek 20c	50	−5	—	—	—

TINS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
45	28	Amal. Nigeria	33		0.93	0.9	4.4
340	160	Ayer Hitam $M1	325		22.0	ϕ	10.9
31	17	Beralt Tin	30	−1	m1.75	2.8	10.0
415	315	Berjuntai $M25	380		Q$M1.5	ϕ	9.8
18	12	Ex Lands 10p	12		1.0	1.7	12.8
265	155	Geevor	220	−5	5.0	—	3.5
14	6	Gold & Base 12½p	9		—	—	—
250	170	Gopeng Cons.	220xd	−5	†11.0	1.3	7.7
80	64	Hongkong	72		—	—	—
70	56	Idris 10p	60		7.15	1.5	19.3
7½	6	Jantar 12½p	6		—	—	—
42	31	Kamunting 15p	38		‡7.0	1.2	‡
255	135	Killinghall	255		Q50.0	1.2	19.6
240	168	Malay Dredging	210		16.7	2.0	7.9
38	20	‡Pahang	27‡		†Qh2.6	ϕ	‡
55	40	Pengkalen 10p	50xd		‡7.0	1.5	‡
135	104	Petaling $M1	135		Q12½c	—	2.3
46	19	Saint Piran	38		1.25	2.5	5.1
100	64	South Kinta (10p)	70		7.5	0.6	16.5
200	105	Sthn. Malayan	173		10.7	0.9	9.5
46	31	Sungei Besi $M1	40		—	—	—
42	29	Sungei Way $M1	42		ZQ10	—	5.9
48	40	Tanjong 15p	40		4.64	0.9	17.8
52	40	Tongkah Hrbr. $M1	40		†Q23%	0.6	‡
110	58	Tronoh $M1	96		†4.29	2.0	6.9

COPPER

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
85	35	Botswana RST R2	42	+2	—	—	—
335	155	Messina R0.50	165	+5	†Q35c	1.9	15.3

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
10	8	Burma Mines 17½p	9		0.1	ϕ	1.8
35½	15½	Charterhall 5p	19	−1	—	—	—
990	550	Cons. Murch. 10c	560		†Q80c	1.6	10.3
350	245	Northgate C$1	330		—	—	—
239	132	R.T.Z.	149xd	−7	g5.96	2.1	6.2
112	67	Sabina Inds. C$1	77	−3	—	—	—
£15⅞	£10	Tara Expln. $1	£13½		—	—	—
45	32½	Tehidy Minerals 10p	38		†h1.08	ϕ	4.4
145	84	Yukon Cons. C$1	122		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issues cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 29

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

FINANCIAL TIMES
Tuesday November 9 1976

Nedo highly critical of State industry

BY ADRIAN HAMILTON

THE NATIONAL Economic Development Office has completed a long and highly-critical study of the nationalised industries, recommending major structural changes in their relations with Government.

The most contentious suggestion of the study—which was one of the subjects discussed at a lunch given by Nationalised Industries Chairman Group for the Prime Minister yesterday—is for the creation of supervisory Boards, or policy development councils, for each State industry.

Including representatives of the Civil Service, Ministers, unions, and possibly consumers, these councils would set the long-range plans for the corporations.

A management Board would then be left free to operate within the guidelines laid down by the council without day-to-day interference.

In addition, the study also makes detailed criticisms of the capital structure of State corporations; the drawbacks of the present system of annual reporting to sponsoring Ministries; the relative weakness of State management in resisting union claims and the degree of short-term interference by Ministers and civil servants in pricing and investment of the nationalised industries.

Among the ideas for financial reforms discussed is the reconstitution of State corporation finances to include an element of risk capital in place of the present heavy reliance of the industries on debt.

The study, which was requested from NEDO by Sir Harold Wilson when he was Prime Minister, has been sent to Mr. Callaghan, senior Ministers, State industry chairmen, the CBI and TUC.

Few of the recipients had any comment yesterday. But it is clear from the reactions to earlier drafts of the study that it is likely to arouse considerable comment and varied views.

A number of nationalised industries, for example, criticise the concept of supervisory councils as simply adding one more layer of Government to reduce their independence and of formalising Civil Service interference rather than reducing it.

Even some of those industries more sympathetic to change feel that it is better developed through sector advisory councils, such as the energy commission planned by Mr. Wedgwood Benn, rather than within each individual corporation.

Response among civil servants has also been varied. While some departments, such as the Energy Department, support greater efforts at formal strategic planning for State industries, officials in other Ministries, such as the Treasury and Industry Departments, object to the concept of institutionalising their role on practical as well as political grounds.

Although the recommendation on two-tier Boards is likely to receive the greatest public comment, the most important part of the study may well lie in its detailed review and criticisms of the way in which State corporations have developed.

It takes as its central conclusion that the arm's length relationship between Government and industry developed by Herbert Morrison had failed—a conclusion which some industries would deny— and suggests that the time has come to move to a consensus point of view in which interference in management can be reduced to a minimum.

While no solution can prevent political intervention, the report suggests that the time has come to seek a new basis for relationships and a more effective system of financial control.

It goes into considerable detail on the importance of the nationalised industries to the economy, to employment, and to supply industries. It argues that long-term stability of planning is essential.

It also goes to some lengths to show the effects of price intervention on accounts and the difficulties of judging and reviewing performance—suggesting that the current public expenditure survey committee methods might be developed for this purpose.

Because of the Bullock committee deliberations on industrial democracy and the separate internal Government study under Mr. A. Lord of the Treasury into participation in the nationalised industries, the study avoids the question of union representation on the policy councils—although it does make some stringent comments on the impact of union wage claims on public corporation finances.

But it does recommend a more important role for Parliament and the Commons Committee on Nationalised Industries, in reviewing progress and strategic plans of the industries.

The report was one of a number of issues, including restraints on Board salaries and the role of the State sector in resisting wage claims over the next year, discussed at yesterday's lunch.

The lunch was essentially an occasion for a private "exchange-of-ideas," arranged some months ago, and the Prime Minister is believed to have largely listened rather than making any proposals.

Individual chairmen are thought to have expressed their concern at the way in which successive curbs on their pay have left Board members worse off than some of their own executives.

They are also believed to have expressed strong concern at the role of nationalised industries in the Government's policies on pay—as the State corporations may well have led the way in containing settlements within strict limits over the winter and spring—prices and possible public expenditure cuts.

Left may win greater say in leadership poll

BY RICHARD EVANS, LOBBY EDITOR

A LABOUR PARTY committee set up yesterday is expected to recommend a much greater say for Left-wing party activists in the election of future Party leaders.

The decision, of great long-term significance for the Labour Party, follows a resolution passed at the Blackpool conference in private session which recommended the setting up of a working party to study election methods.

The group chosen last night at a meeting of the Party's organisation committee to complete the task was Mr. John Chalmers, who will be chairman, Mr. Frank Allaun, Mr. Ian Mikardo, Mrs. Judith Hart, Mr. Eric Heffer and Mr. Russell Tuck.

All except Mr. Chalmers, the current Labour Party chairman and general secretary of the Boilermakers, and Mr. Tuck, an assistant general secretary of the National Union of Railwaymen, are on the far Left of the party.

With a majority of four to two, the Left can be expected to press hard for party activists in the constituencies to have a much greater say in any future leadership contest. Such a recommendation would, in present circumstances, get through the Left-dominated National Executive and the annual Party conference, which is the final arbiter of Party rules.

The main beneficiary of such a change in the foreseeable future would be Mr. Anthony Wedgwood Benn, the Energy Secretary. He is expected to be the standard bearer for the Left in the contest for the Party leadership when Mr. Callaghan goes.

Mr. Callaghan and past leaders have been elected by the Parliamentary Labour Party after consultations in their constituencies, but there has been pressure recently for a change in the rules. The working party is expected to complete its study in time for next year's conference.

Mr. Chalmers, a respected trade unionist and defender of the Government's present economic policies, overcame a Left-wing threat to unseat him as chairman of the organisation committee. He will retain the chair for a further year. He remains the only moderate to chair any of the key party committees.

Mr. Benn was re-elected unopposed last night as chairman of the influential home policy committee.

Leyland seeks £80m. for two foundries

By Arthur Smith, Midlands Correspondent

LEYLAND CARS is expected to submit plans for an £80m. investment in new foundries probably one for iron and one for aluminium—to the National Enterprise Board on Friday. It had been thought likely that Leyland would have built two ferrous foundries.

The emphasis given to aluminium could have important implications for future engine development. Problems with aluminium, a lighter metal, are greater, and the cost is higher.

Leyland is unlikely to disclose details of the planned location of the foundries until after consulting workers.

Placing applications have been made for sites next to the Leyland ferrous foundry at Wellingborough, and close to West Yorkshire Foundries, at Leeds, where both aluminium and ferrous castings are produced.

The foundry investment programme, likely to be phased over the period to 1986, should make the cars division virtually self-sufficient in the supply of engine blocks.

Creditors

Lord Ryder, in his report on British Leyland, identified the foundries as the main area in which lack of capital was most evident, and called for a £50m. investment at 1975 prices.

One factor which could have influenced Leyland Cars from concentrating investment on ferrous foundries was the representation made by the iron-founding industry which expressed concern about the danger of over-capacity.

Present investment plans by the private sector are expected to raise foundry capacity 40 per cent. by 1980-81.

More than 250 projects submitted to the Department of Industry under its ferrous foundries scheme anticipate spending of about £245m. in new plant by 1980.

Most of the £40m. allocated to the Government scheme to promote investment in iron-founding is likely to have been taken up before the closing date at the end of this year.

New investment on this scale makes it important for the National Enterprise Board to take an overall view in judging the recommendations likely to be submitted to it by the Leyland Board on Friday.

The machine tool industry is also waiting anxiously for Leyland Cars to place firm orders for about £11m.-worth of replacement equipment.

The industry, which expected details of Leyland's spending to be announced last month, has warned that unless decisions are taken quickly, sufficient capacity may not be available.

Anxiety over £13m. bus Investment, Page 10

£220m. telephone cuts planned

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

MANAGEMENT and unions in the telecommunications industry reacted angrily last night to news that the Post Office plans to cut its orders for telephone exchanges by more than a quarter—by £220m.—over the next 3½ years.

About 10,000 more jobs could be lost if the plan goes ahead. The Government is believed to have accepted unitially the need for the cuts, but after three hours of angry meetings with management and unions from GEC, Plessey and Standard Telephones and Cable, the Industry Oepartment called for more talks between the Minister, Mr. Eric Varley, the Post Office, companies' management and unions. The next meeting is expected with'n a week.

Only a year ago, the Government approved cuts of up to 40 per cent. in the P.O.'s 1975-76 investment programme, and 25 per cent. on the current financial year. The result was a spate of redundancies, and a drop of 14,000 in the labour force over little more than six months, to 73,000 in June, 1976 (the latest available official figures).

If the new cuts are confirmed, they would bite increasingly on employment through next year and 1978, though there would also be some effect this year. For the first time, orders for the new generation of semi-electronic TXE4 exchanges would be slightly hit, though much less hard than the crossbar and—particularly—the strowger designs of electro-mechanical equipment.

Explaining that "new planning methods bring savings for the Post Office"—in expenditure terms, £100m. up to 1980, £120m. in the years after that—the P.O. said it had introduced more modern methods of measuring and analysing telephone traffic, enabling it to calculate with a greater degree of accuracy than before how much equipment was needed.

The companies' chiefs are likely to complain that they do not know enough about the new P.O. techniques, and that there was insufficient consultation about the cuts. The Government called management and unions to the House of Commons for yesterday's meetings immediately after the P.O. had given the figures to the companies.

Last year, the Government eventually backed the Post Office's argument that it could not afford to order equipment it did not need. This year, public expenditure is under even greater pressure, but the unions are expected to argue that the PO itself is in a position to bring orders forward, since its telecommunications service is now making a healthy profit.

Set against this will be the argument that bringing forward orders for electro-mechanical equipment would be problematic, since future orders will be mainly for electronic technology. There would also be Treasury objections to the PO reducing its internal financing ratio, since the result would be an additional burden on the public sector borrowing requirement at a critical time for the economy.

U.K. yard wins £9m. platform order

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE SCOTTISH yard of McDermott oil platform constructors has won an order worth £9m. from Holland.

The yard, at Ardersier, is to build a gas platform for a Placid International development in the Dutch sector of the North Sea.

The order, although comparatively small in terms of platform contracts, will give an important psychological fillip to the U.K. fabricating industry which is badly in need of new work.

McDermott, which is building a steel platform for Union Oil's Heather Field in the U.K. sector, has been asked by Placid to provide a gas well protector platform designed for use in 90 feet of water.

The order follows the disclosure on Friday that a Scottish yard is in the running for an order to build a big steel oil platform, worth millions of pounds, for the Brazilian offshore industry.

It is more than two years since Britain's eight platform fabricating groups received an order from the U.K. sector of the North Sea. Several contracts are expected next year, however. Continental Oil has already indicated its plan to buy a steel platform for its Murchison Field.

Arabs to fight U.S. anti-boycott moves

BY RICHARD JOHNS

ARAB STATES have given notice of their resolve to fight U.S. legislation aimed at countering the boycott of Israel, following a meeting held in great secrecy in Baghdad last month.

At its most recent conference the Arab Boycott of Israel Office decided that member-States would collectively refuse to have any dealings with U.S. companies opposing its regulations "on the grounds that such compliance would violate State or Federal legislation," according to Mr. Mohammed Mahgoub, secretary-general of the organisation.

Quoted by the reliable weekly Middle East Economic Survey, he said that refusal to comply with boycott regulations would not only prevent such companies from undertaking any business activities within Arab States, but also from obtaining raw materials.

Mr. Mahgoub added: "The Arabs are maintaining a tough uncompromising stance in the face of legislative measures in the U.S. designed to counter the Arab boycott."

An example of a concern which would be affected is the Bank of America, the world's largest.

Last week, it restated that it would comply with a new California law (which becomes effective from the beginning of 1977) which will forbid any corporation based in the State from co-operating with boycott demands on pain of prosecution in the courts.

It has been expected that the main pre-occupation of the conference—which also decided to "blacklist" Barclays Bank of the U.K because of its Israeli involvement—would be the various attempts in Congress and State legislatures to counter Arab discrimination aimed basically at investing in Israel or the granting of manufacturing licences to concerns in Israel.

At issue is the Arab demand that international companies give signed assurances about their not having had any transactions with Israel defined as unacceptable in the boycott regulations.

Mr. Mahgoub said that the conference had discussed the "three-pronged legislative move" against the Arab boycott consisting of an amendment to the tax reform law signed by President Ford last month, a proposed provision in the draft Export Administration Act, and the Californian law.

EEC aid for Fleet Street likely

BY ROY ROGERS, LABOUR CORRESPONDENT

FLEET STREET is likely to be given most of the £3.75m. EEC grant it has been seeking to help finance widespread introduction of new computer-based technology.

In spite of stern opposition from French and West German Government and employer representatives, the advisory committee of the EEC Social Fund has recommended in favour of the claim by the Fleet Street standing joint committee for assistance in retraining workers for new roles in the national newspaper industry.

But the recommendation covers only training of more than 200 hours per person. Training of less than 200 hours was excluded.

A broadly similar claim for retraining the 7,000 or so workers who are expected to be coaxed out of the industry as the new processes are introduced, has also been agreed in principle, although the date for eligibility has still to be decided.

These proposals are expected to be adopted by the commission, which normally endorses Advisory Committee recommendations.

Details of the advisory committee's recommendations—which are expected to cost approximately £2.75m.—will be reported to-day to the Fleet Street standing joint committee, which comprises managing directors of national newspapers and print union general secretaries.

Most unions are expected to ballot their members. Some may hold large meetings to explain the proposals before any balloting.

Weather

SUNNY PERIODS and showers, heavy at times in W. and S. Overnight fog clearing slowly.

London, E. Anglia, Midlands, S.E., Cent. S., Cent. N. England
Fog patches clearing. Sunny intervals, occasional showers possibly heavy. Max. 11C (52F).

E., N.E. England
Dense fog patches clearing slowly. Sunny periods, scattered showers. Max. 7-10C (45-50F).

Channel Is., S.W. England
Sunny intervals and showers, possibly heavy with hail. Max. 11C (52F).

Wales, N.W. England, Lakes, I. of Man, S.W. Scotland, Glasgow, Highlands, Argyll, N.W. Scotland,
Sunny intervals and showers, heavy in places with hail. Some early fog. Max. 10C (50F).

Borders, Edinburgh, Dundee, Aberdeen, Moray Firth
Sunny periods, scattered showers after early fog patches. Max. 10C (50F).

Outlook: Showers, sunny intervals; longer periods of rain in S. Some overnight frost and fog.

Lighting-up: London 16.50, Manchester 16.53, Glasgow 16.52, Belfast 17.04.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amsterdm	C	8	46	Manchestr	S	9	46
Athens	F	20	68	M'bourne	S	23	73
Barcelona	F	17	63	Mexico C.	C	14	57
Belfast	F	9	48	Milan	C	11	52
Belgrade	S	20	68	Montreal	C	4	39
Berlin	F	11	52	Moscow	C	0	32
Birmnghm.	F	10	50	Munich	S	10	50
Bristol	C	10	50	Newcastle	F	5	41
Brussels	F	11	52	New York	C	7	45
Budapest	F	14	57	Oslo	R	5	41
B. Aires	S	22	72	Paris	R	8	46
Cairo	S	26	79	Perth	C	20	68
Cardiff	F	8	46	Prague	S	10	50
Cologne	F	12	54	Reykjavik	F	4	39
Copenhagn	R	10	50	Rio de J'o	C	26	79
Dublin	R	7	45	Rome	C	18	64
Edinburgh	F	11	52	Singapore	S	30	86
Frankfurt	S	11	52	Stockholm	R	9	48
Geneva	F	7	45	Strasbourg	S	12	54
Glasgow	F	10	50	Sydney	S	22	72
Helsinki	Dr	5	41	Tehran	C	24	75
Hong Kong	S	25	77	Tel Aviv	S	24	75
Jo'burg	C	21	70	Tokyo	C	19	66
Lisbon	S	15	59	Toronto	S	1	34
London	F	11	52	Vienna	S	15	59
Luxemb'g	S	9	48	Warsaw	R	9	48
Madrid	C	10	50	Zurich	F	4	39

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	F	18	64	Jersey	S	11	52
Algiers	C	20	68	Las Palms.	S	21	70
Biarritz	F	15	59	Locarno	R	7	45
Blackpool	S	9	48	Majorca	S	18	64
Bordeaux	R	10	50	Malaga	C	16	61
Boulogne	C	9	48	Malta	S	21	70
Casablnca	C	18	64	Nairobi	S	23	73
Cape T.	C	21	70	Naples	F	17	63
Corfu	F	20	68	Nice	F	13	55
Dubrovnik	C	19	66	Oporto	C	15	59
Faro	C	15	59	Rhodes	S	22	72
Funchal	C	21	70	Salzburg	F	10	50
Gibraltar	S	18	64	Tangier	F	18	64
Guernsey	S	11	52	Tenerife	C	17	63
Innsbruck	F	8	46	Tunis	C	22	72
Inverness	F	10	50	Valencia	F	17	63
I. of Man	F	11	52	Venice	C	12	54

S—Sunny. F—Fair. C—Cloudy. Dr—Drizzle. R—Rain.

THE LEX COLUMN

Smooth running by Lucas

Index fell 17.7 to 291.0

The interesting point about the excellent figures from Lucas Industries—with pre-tax profits of £55.8m. against the forecast last May of at least £48m.—is that they reflect remarkably even progress through the group. The rise in trading profits of overseas subsidiaries is 56 per cent., but then the U.K. side has advanced 57 per cent. Vehicle components dominate the picture, contributing 87 per cent. of trading profits, but the aircraft and industrial sides have also made progress, especially the former.

One common theme is that production runs have been unusually smooth, with labour disputes remarkably few in number. Cost inflation was less of a problem last year, making it much easier for prices to catch up in the U.K. There have also been substantial productivity gains, following the labour shakeout in the previous year: the average U.K. payroll was 7 per cent. lower.

The demand background, moreover, was generally good, with sales growth running at 26 per cent. overall. In the second-half, when group pre-tax profits showed a gain of 31 per cent., U.K. passenger car production was growing modestly, and the diesel side has been running ahead of expectations. Direct exports do not appear to have shown much volume growth judging by the rise of no more than 19 per cent. in value. But the European companies have traded in the context of substantial increases in French and German car output, while Girling claims to have made big new inroads into the brake market on the Continent. Sales of European subsidiaries rose 40 per cent., though this must have included a large currency translation element.

Prospects are set fair for the moment and the prospective p/e may be no more than 4 assuming around £75m. pre-tax this year. But the yield of only 7 per cent. is a slight handicap, and the medium-term question is whether the diesel growth story will be enough to counter a probable general slowdown in the world car market by later next year.

Firth Brown/Dunford

While the City is tying itself into knots in its efforts to resolve Dunford and Elliott's balance sheet problems, Johnson and Firth Brown has sprung up with the classic private sector solution. Its takeover bid will certainly be described as opportunistic: in return for a 14 per cent. increase in its equity, it stands to increase its fixed assets by about a half. But it will be very hard to argue against the offer on these grounds alone.

After all, the initiative proposed by the City institutions would still appear to leave Dunford with a highly stretched balance sheet and debt representing more than 100 per cent. of shareholders' funds. The group would be more secure financially within Firth Brown: an underwritten rights issue has been arranged conditional on the deal going through, which would reduce overall borrowings to about two-thirds of the enlarged equity. And the industrial rationale was partly recognised by Dunford itself, when it made an unwelcome offer for what was then Thos. Firth and John Brown in 1973.

From a strictly financial point of view, shareholders are being offered more than twice the recent market price. By contrast, any independent solution for Dunford's problems would seem bound to involve a substantial dilution of existing shareholders' interests.

AB Foods

The interim results from Associated British Foods confirm the earnings per share for 1976-77 are likely to rise by around a sixth to 10p—and they uderline the sluggishness of trad in the U.K., notably at Fine Fare. Profits for the half-year are £5.6m. higher at ... tax with the hom... providing barely a ... the upturn. In co... Africa and Aus... steamed ahead, a... saving any eventi... gains for the year.

Australian gro... levelling off but ... devaluation of eith... or the Australian ... clear that oversea... going to dominate ... picture this year, ... for more than ... months total. At ... sions (apart from ... apparently moved ... the overall growth ... a tenth before tax ... baking compare we... with Spillers' setb... period, but the ... Fine Fare might ... eyebrow against a ... sharp price inflati... restrictive Price Co... competition as the ... its retailing probl... news must cast do... forthcoming figure...

The shares ha... formed the market ... at 44p the prosp... about 4½. But AB... strong as ever fin... despite rising wo... pressures, debt by ... is likely to be mo...

Slater Walker

Slater Walker is ... £4m. of the cash ... recent disposals (... Finlay shares) to ... the market anythi... a quarter of its ou... secured loan stock... lation. The ope... increase net asse... £3m., which could ... with the year-end ... over the horizon ... only underlines ... weaknesses.

After all, if Sla... stronger the Bank ... could presumably ... the money to be ... the banking sub... which the group ... to inject £10m. ... "as soon as" ... And although it ... about a fifth ... recent market pr... demption yields ... as high as 27 per ... "certain institutio... which have alread... the chance to acc... may well conside... fortunate.

[illegible] عن الأصل